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DEC 28 1989 - 8 45 AM

INTERSTATE COMMERCE COMMISSION

December 28, 1989

9-3624003

Office of the Secretary
Recordations Unit
Room 2303
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Ms. Mildred Lee

Dear Ms. Lee:

Enclosed are an original and one certified true copy of each of the documents described below, to be recorded pursuant to 49 U.S.C. § 11303.

The first document, the Indenture, Mortgage and Security Agreement dated as of November 1, 1989, is a primary document. The names and addresses of the parties to such document are as follows:

Wilmington Trust Company
Rodney Square North
Wilmington, DE 19890

The Connecticut National Bank
777 Main Street
Hartford, CT 06115

The second document, the Lease and Indenture Supplement dated December 28, 1989, is a secondary document. The names and addresses of the parties to such document are as follows:

16676
RECORDATION NO. FILED 1425

DEC 28 1989 - 8 45 AM

INTERSTATE COMMERCE COMMISSION

Robert G. Clark
Donna [illegible]

Wilmington Trust Company
Rodney Square North
Wilmington, DE 19890

CSX Transportation, Inc.
100 N. Charles Street
Baltimore, MD 21202

The Connecticut National Bank
777 Main Street
Hartford, CT 06115

A description of the equipment covered by these documents follows: GE Dash 8 40 B, 4,000 Horsepower Locomotives GE Dash 8 40 C, 4,000 Horsepower Locomotives and GM SD 60 Locomotives. The identifying marks for the equipment are as follows: The New York, Susquehanna and Western Railway Corporation 4010, 4012, 4014, 4016, 4018, 4020, 4022, 4024, 4026, 4028, 4030, 4032, 4034, 4036, 4038, 4040, 4042, 4044, 4046 and 4048, CSXT 7565-7593 (inclusive) and CSXT 8700-8709 (inclusive).

A filing fee of \$15.00 per document is enclosed. Please return any extra copies not needed by the Commission for recordation to the undersigned.

A short summary of the documents to appear in the index follows:

Indenture, Mortgage and Security Agreement dated as of November 1, 1989 between Wilmington Trust Company, not in its individual capacity but as otherwise expressly provided therein but solely as trustee, as Owner Trustee, and The Connecticut National Bank, as Indenture Trustee, covering up to 59 Locomotives identified by the Lessee as follows: The New York, Susquehanna and Western Railway Corporation 4010, 4012, 4014, 4016, 4018, 4020, 4022, 4024, 4026, 4028, 4030, 4032, 4034, 4036, 4038, 4040, 4042, 4044, 4046 and 4048, CSXT 7565-7593 (inclusive) and CSXT 8700-8709 (inclusive).

Lease and Indenture Supplement dated as of December 28, 1989 among Wilmington Trust Company, not in its individual capacity but as otherwise expressly provided therein but solely as trustee, as Owner Trustee, CSX Transportation, Inc., as Lessee, and The Connecticut National Bank, as Indenture Trustee, covering up to 59 Locomotives

Ms. Mildred Lee

-3

identified by the Lessee as follows: The New York, Susquehanna and Western Railway Corporation 4010, 4012, 4014, 4016, 4018, 4020, 4022, 4024, 4026, 4028, 4030, 4032, 4034, 4036, 4038, 4040, 4042, 4044, 4046 and 4048, CSXT 7565-7593 (inclusive) and CSXT 8700-8709 (inclusive).

Very truly yours,



David Eisenberg

Enclosures

cc: Marianne Rosenberg, Esq.
David W. Bumsted, Esq.

Interstate Commerce Commission

Washington, D.C. 20423

12/28/89

OFFICE OF THE SECRETARY

David Eisenberg
White & Case
1155 Avenue Of The Americas
New York, N.Y. 10036-2787

Dear:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on , at , and assigned recordation number(s).

12/28/89 8:45am

Sincerely yours,
16676 & 16676-A 16677 & 16677-A

Noreta R. McGee

Noreta R. McGee
Secretary

Enclosure(s)

16676

RECORDATION NO _____ FILED 1425

DEC 28 1989 -8 45 AM

INTERSTATE COMMERCE COMMISSION

INDENTURE, MORTGAGE AND SECURITY AGREEMENT

Dated as of November 1, 1989

between

WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

and

THE CONNECTICUT NATIONAL BANK,
as Indenture Trustee

20 GE DASH 8 40B SERIES 4,000 HORSEPOWER LOCOMOTIVES
29 GE DASH 8 40C SERIES 4,000 HORSEPOWER LOCOMOTIVES
10 GM SD 60 LOCOMOTIVES

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. § 11303 ON DECEMBER __, 1989
AT ____ .M., RECORDATION NUMBER _____,
AND DEPOSITED WITH THE OFFICE OF THE REGISTRAR
GENERAL OF CANADA PURSUANT TO § 90 OF THE RAILWAY
ACT OF CANADA ON DECEMBER __, 1989 AT ____ .M.,
RECORDATION NUMBER _____.

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SCHEDULE X - DEFINITIONS

EXHIBIT A - FORM OF CERTIFICATE

INDENTURE, MORTGAGE AND SECURITY AGREEMENT dated as of November 1, 1989 between WILMINGTON TRUST COMPANY, a banking corporation organized under the laws of the State of Delaware, not in its individual capacity but solely as owner trustee (the "Owner Trustee") under the Trust Agreement (as such term and certain other capitalized terms used herein are defined in or by reference in Article I), and THE CONNECTICUT NATIONAL BANK, a national banking association, as indenture trustee (the "Indenture Trustee").

W I T N E S S E T H :

WHEREAS, the Owner Trustee desires by this Indenture, among other things, (i) to provide for the issuance by the Owner Trustee of the Certificates and (ii) to provide for the assignment, mortgage and pledge by the Owner Trustee to the Indenture Trustee, as part of the Indenture Estate hereunder, among other things, of all of the Owner Trustee's right, title and interest in and to the Locomotives, and, except as hereinafter expressly provided as to Excepted Payments and Excepted Rights, all of the Owner Trustee's right, title and interest in, to and under the Indenture Estate Documents (as defined hereafter) and all payments and other amounts received hereunder or thereunder in accordance with the terms hereof or thereof, as security for the Owner Trustee's obligations to the Indenture Trustee and for the ratable benefit and security of the Holders;

WHEREAS, all things have been done to make the Certificates, when executed by Owner Trustee and authenticated and delivered by the Indenture Trustee hereunder, the valid, binding and enforceable obligations of the Owner Trustee; and

WHEREAS, all acts and things necessary to make this Indenture a valid and legally binding obligation of the Owner Trustee, in accordance with its terms, have been done and performed;

GRANTING CLAUSE

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, in consideration of the premises and other good and valuable consideration the receipt of which is hereby acknowledged and in order to secure the due and punctual payment of the

principal of, and Premium, if any, and interest on, all Certificates at any time issued and Outstanding under this Indenture and of all other amounts payable to or for the benefit of the Holders of the Certificates and the Indenture Trustee hereunder, under the Participation Agreement and under the other Indenture Estate Documents and compliance with all the terms of this Indenture and the Certificates, and to secure the performance and observance by the Lessee, the Owner Participant and the Owner Trustee of their respective agreements and the conditions applicable to them contained herein or in any other Operative Document (collectively, the "Obligations"), the Owner Trustee hereby grants, bargains, sells, assigns, transfers, conveys, mortgages and pledges unto the Indenture Trustee and its successors and assigns, and grants to the Indenture Trustee, for the benefit and security of the Holders from time to time of the Certificates Outstanding, a security interest in and mortgage Lien on all of the Owner Trustee's estate, right, title and interest in, to and under the following described property, rights, interests and privileges whether now owned or hereafter acquired (all such property, including all property hereafter specifically subjected to the Lien of this Indenture by any instrument supplemental hereto, but excluding Excepted Property and Excepted Rights, being herein called the "Indenture Estate"), to wit:

FIRST

Locomotives

All right, title and interest of the Owner Trustee in and to the Locomotives and including, without limitation, all additions, alterations or modifications thereto or replacements of any part thereof (including, without limitation, all Replacement Locomotives), whenever made or performed or acquired and all other items of tangible personal property of any kind acquired by the Owner Trustee in connection with the acquisition of the Locomotives, in each case whether acquired at the time of acquisition of the Locomotives or thereafter acquired pursuant to the Lease or otherwise.

SECOND

Lease; Lease and Indenture Supplement; Other Documents

All right, title and interest of the Owner Trustee in, to and under the Lease, the Lease and Indenture Supplement and the Bill of Sale (collectively, the "Indenture Estate Documents") and the obligation of the Lessee pursuant to any other lease or rental agreement relating to the Locomotives entered into by the Lessee, including, without limitation, all amounts of Interim Rent, Basic Rent, Supplemental Rent, insurance proceeds, condemnation, requisition and other awards and indemnity and other payments of any kind to which the Owner Trustee is or may be entitled under the Lease or any other Indenture Estate Document (including, without limitation, payments with respect to Stipulated Loss Value, Termination Value and Premium, if any, on the Certificates), except to the extent any of the foregoing is included in Excepted Property and all rights of the Owner Trustee to exercise any election or option or to make any decision or determination or to give or receive any notice, consent, waiver or approval or to take any other action under or in respect of any Indenture Estate Document or to accept any redelivery of all or a portion of the Locomotives as well as all the rights, powers and remedies on the part of the Owner Trustee, whether arising under any Indenture Estate Document or by statute or at law or in equity, or otherwise, arising out of any Event of Default, except to the extent any of the foregoing is included in Excepted Rights.

It is expressly agreed that, anything herein contained to the contrary notwithstanding, the Owner Trustee shall remain liable under each of the Indenture Estate Documents to perform all the obligations assumed by it under each thereof, all in accordance with and pursuant to the terms and provisions of each thereof, and the Indenture Trustee and the Holders shall have no obligation or liability under any of the Indenture Estate Documents by reason of or arising out of this Indenture, nor shall the Indenture Trustee or the Holders be required or obligated in any manner to perform or fulfill obligations of the Owner Trustee under or pursuant to any of the Indenture Estate Documents or, except as herein expressly provided, to make any payment, to make any inquiry as to the nature or sufficiency of any payment received by it, to present or file any claim, or to take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

THIRD

Other Property

All other property and assets of whatsoever kind, nature or description, real, personal and mixed, and any interest therein, which may hereafter from time to time be acquired, received or held by the Owner Trustee pursuant to the Lease, the Lease and Indenture Supplement or any other Indenture Estate Document wherever located and whether or not subject to the Lien of this Indenture, or which may be granted, mortgaged, assigned, transferred and pledged to the Indenture Trustee hereunder by any Person and accepted by the Indenture Trustee.

FOURTH

Rent and Proceeds

All right, title and interest, present and future, of the Owner Trustee in and to all proceeds, rent, issues, profits, products, revenues and other income, and in and to all proceeds and payments, from and on account of the property, rights and privileges subjected or required to be subjected to the Lien of this Indenture.

FIFTH

Moneys; Documents

All right to restitution from any party to the Lease, the Lease and Indenture Supplement or any other Indenture Estate Document in respect of any determination of invalidity of any thereof; and all moneys and securities now or hereafter paid to or deposited with the Indenture Trustee by or for the account of the Owner Trustee pursuant to any term of this Indenture and held or required to be held by the Indenture Trustee hereunder, including, but not limited to, the proceeds from the sale of the Certificates and any Permitted Investment held by the Indenture Trustee pursuant to Section 1010 and all investment income thereon; and all instruments, documents of title, books and records of the Owner Trustee concerning the Indenture Estate (other than income, tax and other similar financial records relating to the Commitment of the Owner Participant).

Concurrently with the delivery hereof, the Owner Trustee is delivering to the Indenture Trustee the original executed counterpart of the Lease and of the Lease and Indenture Supplement (to each of which a chattel paper receipt is attached) and executed copies of the Bill of Sale.

EXCEPTED PROPERTY

There is, however, expressly excepted and excluded from the Indenture Estate all of the Owner Trustee's estate, right, title and interest in, to and under the following described property ("Excepted Property"):

A. all amounts of Supplemental Rent, indemnity and other payments (including, without limitation, any insurance proceeds payable under public liability policies or any casualty insurance proceeds payable under policies maintained by the Owner Participant (whether directly or through the Owner Trustee) for its own account which in each case are payable by the Lessee or others to the Owner Participant, or which are payable by the Lessee or others to WTC or the Owner Trustee and which by the terms of any other Operative Document are for the sole benefit of the Owner Participant, WTC or the Owner Trustee;

B. all payments pursuant to Section 13 of the Participation Agreement and all payments made pursuant to the Tax Indemnification Agreement (including payments thereof which result in increases to Basic Rent, Termination Value or Stipulated Loss Value) payable by the Lessee to the Owner Participant, or to WTC or the Owner Trustee for the sole benefit of the Owner Participant, WTC, or the Owner Trustee;

C. that portion of Stipulated Loss Value in respect of each Locomotive attributable to Recapture and the income taxes attributable to the receipt by the Owner Participant of such Stipulated Loss Value, provided, however, that the amount as of any particular date of Stipulated Loss Value in respect of each Locomotive less such Recapture and income taxes shall be, with respect to such Locomotive, at least sufficient to pay in full the aggregate unpaid principal amount of and all accrued interest on such principal amount of the Certificates to be redeemed pursuant to Section 401 on the relevant Redemption Date; and

D. any interest as may be paid pursuant to any Indenture Estate Document in respect of amounts described in clauses A and B above.

HABENDUM CLAUSE

TO HAVE AND TO HOLD the Indenture Estate unto the Indenture Trustee and its successors and assigns in pledge and trust for the benefit and security of the Holders from time to time of all the Certificates issued and Outstanding hereunder and for the uses and purposes and subject to the terms and provisions set forth in this Indenture.

IN TRUST NEVERTHELESS, upon the terms and trusts set forth, for the equal and proportionate benefit and security of all Holders of the Certificates issued and to be issued hereunder, without preference, distinction or priority as to Lien or otherwise of any Certificate over any other Certificate, by reason of priority in time of issue, sale or negotiation thereof, or by reason of the purpose of issue, or otherwise howsoever, except as herein otherwise expressly provided.

The Owner Trustee does hereby constitute the Indenture Trustee the true and lawful attorney of the Owner Trustee, irrevocably, with full power (in the name of the Owner Trustee or otherwise) to ask, require, demand, receive, settle, compromise, compound and give acquittance for any and all moneys and claims for moneys due and to become due under or arising out of any of the Indenture Estate Documents or the Indenture Estate, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Indenture Trustee may deem to be necessary or advisable in the premises.

The Owner Trustee has directed the Lessee to make all payments of Rent (other than Excepted Property) payable to the Owner Trustee by the Lessee directly to the Indenture Trustee at such address as the Indenture Trustee shall specify, for application as provided in Article X of this Indenture. The Owner Trustee agrees that promptly upon actual receipt thereof, it will transfer to the Indenture Trustee any and all moneys from time to time received by it constituting part of the Indenture Estate, except that the Owner Trustee shall accept for distribution pursuant to the Trust Agreement any amounts distributed to it by the Indenture Trustee as expressly provided in this Indenture (where-

upon such amount shall no longer be part of the Indenture Estate) and any Excepted Property.

The Owner Trustee agrees that at any time and from time to time, upon the written request of the Indenture Trustee, it will promptly and duly execute and deliver any and all such further instruments and documents as the Indenture Trustee may reasonably deem desirable in obtaining the full benefits of the foregoing clauses FIRST through FIFTH and of the rights and powers herein granted.

The Owner Trustee does hereby warrant and represent that, except as otherwise contemplated by this Indenture, it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Indenture shall remain in effect, any of its right, title or interest hereby assigned or pledged to anyone other than the Indenture Trustee, and that it will not, except as provided in this Indenture or as contemplated by the definition of Excepted Rights, enter into any agreement amending or supplementing, execute any waiver or modification of, or consent under the Lease, or any other Operative Document, accept any payment (other than a payment constituting Excepted Property) from the Lessee, or settle or compromise any claim (other than a claim with respect to Excepted Property) against the Lessee arising under the Lease or any other Operative Document to the extent included in the Indenture Estate or submit or consent to the submission of any dispute, difference or other matter arising under or in respect of the Lease or any other Indenture Estate Document, other than in connection with any Appraisal Procedure, to arbitration thereunder.

The Owner Trustee does hereby ratify and confirm the Lease and does hereby agree that it will not, except as provided in this Indenture, take or omit to take any action, the taking or omission of which might result in an alteration or impairment of the Lease or this Indenture.

IT IS HEREBY COVENANTED AND AGREED that the terms and conditions upon which the Certificates are issued, authenticated, delivered and accepted by all Persons who shall from time to time be or become the Holders thereof, and the terms and conditions upon which the property herein pledged is to be held and disposed of, which said terms and conditions the Indenture Trustee hereby accepts and agrees to discharge, are as follows:

ARTICLE I

Definitions and Other Provisions of General Application

SECTION 101. Definitions. The following terms shall have the following meanings for all purposes of this Indenture:

(a) unless otherwise expressly provided, all references herein to Sections or other subdivisions refer to the corresponding Sections and other subdivisions of this Indenture;

(b) the terms "hereof," "herein," "hereby," "hereto," "hereunder," "hereinafter," and "herewith" refer to this Indenture;

(c) except as otherwise defined herein, the capitalized terms used herein shall have the respective meanings specified in Schedule X hereto; and

(d) all accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles.

SECTION 102. Acts of Holders. (a) Any request, demand, authorization, direction, consent, notice, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as otherwise provided herein, such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee. Such written instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of the execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Indenture Trustee or of the Owner Trustee if made in the manner provided in this Section 102.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the

Person signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Indenture Trustee deems sufficient.

(c) The ownership of Certificates shall be proved exclusively by the Certificate Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Certificate shall bind the Holder of every Certificate issued upon the registration of transfer thereof, or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Owner Trustee in reliance thereon, whether or not notation of such action is made upon such Certificate.

SECTION 103. Notices, Etc. to Indenture Trustee and Owner Trustee. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Indenture Trustee by any Holder or by the Owner Trustee shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Indenture Trustee at The Connecticut National Bank, 777 Main Street, Hartford, CT 06115, Attention: Corporate Trust Administration, or

(2) the Owner Trustee by any Holder or by the Indenture Trustee shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Owner Trustee at Rodney Square North, Wilmington, Delaware 19890, Attention: Corporate Trust Administration, with a copy to the Owner Participant at c/o U.S. Capital Equipment, P.O. Box 6101, Dearborn, Michigan 48121-6101, Attention: Manager-Portfolio Services;

or to either of the above parties at any other address subsequently furnished in writing by such party to the other party.

SECTION 104. Notices to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, postage prepaid, by first class mail, to each Holder affected by such event at his address as it appears in the Certificate Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such a notice to any particular Holder nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person or Persons entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 105. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 106. Successors and Assigns. All covenants and agreements in this Indenture by the Indenture Trustee and the Owner Trustee shall bind and, to the extent permitted hereby, shall inure to the benefit of and be enforceable by their respective successors and assigns, whether or not so expressed.

SECTION 107. Severability Clause. If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions hereof or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable. To the extent permitted by applicable law the parties hereto hereby waive any provision of law which renders any term or provision hereof invalid or unenforceable in any respect.

SECTION 108. Benefits of Indenture. Nothing in this Indenture or in the Certificates, express or implied,

shall give to any Person, other than the parties hereto and the Owner Participant and their successors and assigns hereunder, the Holders, and the Lessee any benefit or any legal or equitable right, remedy or claim under this Indenture or any Certificate.

SECTION 109. Indenture and Certificates; Non-Recourse Obligations. The principal amount of and Premium, if any, and interest on the Certificates and other amounts payable hereunder shall be payable only out of and to the extent that there are sufficient proceeds from the Indenture Estate. By its acceptance of a Certificate, any Holder thereof agrees that neither the Owner Trustee (or any successor thereto) in its individual capacity nor the Owner Participant shall have any personal liability whatsoever for any amounts payable under the Certificates, or, except as otherwise set forth in this Section 109, for any claim based thereon or otherwise in respect thereof or based on or in respect of this Indenture, it being expressly understood that the Certificates and, except as otherwise set forth in this Section 109, all other obligations of the Owner Trustee and the Owner Participant under this Indenture are solely nonrecourse obligations and that, except as otherwise set forth in this Section 109, all such obligations of the Owner Trustee and the Owner Participant are and are to be by acceptance of a Certificate by any Holder thereof expressly waived and released as a condition of, and as consideration for, the execution of this Indenture and the issuance of the Certificates; provided, however, that nothing herein shall be deemed to (i) prevent recourse to and the enforcement against the Indenture Estate for performance of covenants of the Owner Trustee contained in the Certificates, this Indenture, the Participation Agreement, or any Indenture Estate Document or for all liabilities, obligations and undertakings contained in this Indenture, the Certificates, the Participation Agreement, or any Indenture Estate Document or be deemed to excuse the Owner Trustee for liability for its own gross negligence or wilful misconduct or (ii) limit the Owner Trustee's personal liability for and to the extent of any loss resulting from (A) any inaccuracy of any representation or warranty stated to be made by the Owner Trustee in its individual capacity in Section 9(a) of the Participation Agreement or in this Indenture, or (B) any failure of the Owner Trustee to perform its obligations under Section 15 of the Participation Agreement. If (a) the Owner Trustee becomes a debtor subject to the reorganization provisions of the Bankruptcy Reform Act of 1978, as amended, or any successor provision, (b) pursuant to such reorganization provisions the Owner Trustee is required, by reason of the Owner

Trustee being held to have recourse liability to the Holders of the Certificates or the Indenture Trustee, directly or indirectly, to make payment of account of any amount payable under such Certificates or any of the other Operative Documents and (c) any such Holders or the Indenture Trustee actually receives any Excess Amount which reflects any payment by the Owner Trustee on account of (b) above, then such Holders or the Indenture Trustee, as the case may be, shall promptly refund to the Owner Trustee such Excess Amount. For purposes of this Section 109, "Excess Amount" means the amount by which such payment exceeds the amount which would have been received by such Holders or the Indenture Trustee if the Owner Trustee had not become subject to the recourse liability referred to in (b) above.

SECTION 110. Governing Law. This Indenture shall in all respects be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 111. Normal Commercial Relations. Anything contained in this Indenture to the contrary notwithstanding, the Owner Participant, the Indenture Trustee and any Holder, or any bank or other affiliate of any such party, may conduct any banking or other financial transactions, and have banking or other commercial relationships, with the Lessee fully to the same extent as if this Indenture were not in effect, including without limitation the making of loans or other extensions of credit to the Lessee for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

SECTION 112. ERISA Plan Prohibition. No employee benefit plan subject to Part 4 of Subtitle B of Title I of ERISA, or individual retirement account or employee benefit plan subject to Section 4975 of the Code (hereinafter collectively referred to as an "ERISA Plan"), may acquire or hold any of the Certificates. The purchase by any Person of any Certificate shall be deemed to constitute a representation by such Person to the Lessee, the Owner Participant, the Owner Trustee and the Indenture Trustee that such Person is not purchasing, and has not purchased, such Certificate with assets of an ERISA Plan.

ARTICLE II

Issue, Execution, Form and Registration of Certificates

SECTION 201. Execution, Authentication and Delivery; Dating of Certificates. Upon execution and delivery of this Indenture, or from time to time thereafter, Certificates in an aggregate principal amount not in excess of the amount specified in Section 202 (except as otherwise provided in Sections 203 and 204) shall be executed by the Owner Trustee and delivered to the Indenture Trustee for authentication, and the Indenture Trustee shall thereupon authenticate and deliver said Certificates to or upon an Owner Trustee Request, without any further action by the Owner Trustee hereunder.

Each Certificate shall be dated the date of its issuance.

No Certificate shall be secured by or entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Certificate a certificate of authentication, in the form provided for in Exhibit A hereto, executed by the Indenture Trustee by the manual signature of one of its authorized officers, and such certificate of authentication upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder.

SECTION 202. Form and Terms of Certificates; Payments of Principal, Premium and Interest. The Certificates shall be designated as "1989 Equipment Trust Certificates, Series B." The Certificates and the Indenture Trustee's certificates of authentication shall be substantially in the form set forth in Exhibit A hereto. The Certificates shall be issuable as registered securities without coupons and shall be numbered, lettered, or otherwise distinguished in such manner as the Owner Trustee executing the same may determine with the approval of the Indenture Trustee.

The aggregate principal amount of Certificates of each Maturity that may be authenticated and delivered under this Indenture is limited as provided in the form of Certificate attached as Exhibit A hereto. The Certificates shall be issued in registered form only and (except as a result of a redemption of less than all of the Certificates as provided in Article IV) in denominations of \$1,000 and any integral multiple thereof and shall be issued in the Maturi-

ties and principal amounts, and shall bear interest at the rates per annum, specified in the form of Certificate set forth in Exhibit A hereto.

Any of the Certificates may be issued with appropriate insertions, omissions, substitutions and variations, and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, or with the rules of any securities market in which the Certificates are admitted to trading, or to conform to general usage.

Each Certificate shall bear interest as provided on the face of such Certificate from the date of issuance thereof or from the most recent date to which interest has been paid and duly provided for, as the case may be, which shall be payable on the dates specified on the face of such Certificate until the principal thereof is paid or made available for payment. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

The principal of, and Premium (if any) and interest on, the Certificates shall be payable at the principal corporate trust office of the Indenture Trustee or at any office or agency maintained for such purpose pursuant to Section 717 hereof; provided, however, that interest may be payable at the option of the Indenture Trustee by mailing checks for such interest payable to or upon the written order of the Holders entitled thereto at their addresses appearing on the Certificate Register.

The Holder at the close of business on any Record Date with respect to any Payment Date shall be entitled to receive the interest, if any, payable on such Payment Date notwithstanding any transfer or exchange of such Certificate subsequent to the Record Date and prior to such Payment Date, except if and to the extent the Owner Trustee shall default in the payment of the interest due on such Payment Date, in which case such defaulted interest and, to the extent permitted by Applicable Law, interest thereon to the date of payment ("Defaulted Interest") may be paid by the Indenture Trustee, at its election in each case, as provided in clause (1) or (2) below:

(1) The Indenture Trustee may elect to make payment of any Defaulted Interest to the Person in whose name any Certificate is registered at the close of business on a special record date for the payment of such Defaulted

Interest, which shall be fixed in the following manner. The Indenture Trustee shall make arrangement to set aside an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest, prior to the date of the proposed payment, to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as this clause provides and shall fix a special record date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment. The Indenture Trustee shall promptly notify the Owner Trustee and the Lessee of such special record date and shall cause notice of the proposed payment of such Defaulted Interest and the special record date therefor to be mailed, first class postage prepaid, to each Holder of a Certificate at his address as it appears in the Certificate Register, not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Interest and the special record date therefor having been mailed, as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the applicable Certificates are registered on such special record date and shall no longer be payable pursuant to the following clause (2).

(2) The Indenture Trustee may make, or cause to be made, payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Certificates may be listed, and upon such notice as may be required by such exchange, if such payment shall be deemed practicable by the Indenture Trustee.

SECTION 203. Temporary Certificates. Pending the preparation of definitive Certificates, the Owner Trustee may execute and the Indenture Trustee shall authenticate and deliver temporary Certificates (printed, lithographed, typewritten or otherwise reproduced, in each case in form satisfactory to the Indenture Trustee). Temporary Certificates shall be issuable as registered Certificates without coupons, of any authorized denomination, and substantially in the form of the definitive Certificates but with such omissions, insertions and variations as may be appropriate for temporary Certificates, all as may be determined by the Owner Trustee with the concurrence of the Indenture Trustee. Temporary Certificates may contain such reference to any provisions of this Indenture as may be appropriate. Every temporary Certificate shall be executed by the Owner Trustee and be authenticated by the Indenture Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Certificates. Without un-

reasonable delay the Owner Trustee shall execute and shall furnish definitive Certificates and thereupon temporary Certificates shall be surrendered in exchange therefor without charge at any office or agency to be maintained by the Indenture Trustee for the purpose pursuant to Section 204, and the Indenture Trustee shall authenticate and deliver in exchange for such temporary Certificates an equal aggregate principal amount of definitive Certificates of the same Maturities and interest rates and in authorized denominations. Until so exchanged, temporary Certificates shall be entitled to the same security and benefits under this Indenture as definitive Certificates.

SECTION 204. Registration, Restrictions on Transfer and Exchange of Certificates. The Indenture Trustee shall keep at an office or agency to be maintained in New York, New York or Hartford, Connecticut a register for the registration of Certificates. Registration of transfer of Certificates may be effected only as set forth in this Section 204. Such register is herein sometimes referred to as the "Certificate Register". The Indenture Trustee shall act as the agent of the Owner Trustee with respect to the Certificate Register (in such capacity, the "Registrar"). The Indenture Trustee may appoint one or more co-registrars (the "Co-Registrars") for the Certificates and the Indenture Trustee may terminate the appointment of any Co-Registrar at any time upon written notice. The term "Registrar" includes any co-registrar.

Upon surrender for registration of transfer of any Certificate to the Indenture Trustee and satisfaction of the other requirements of this Section 204, the Owner Trustee shall execute, and the Indenture Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates of like Maturity, of any authorized denominations and of a like aggregate principal amount and the Indenture Trustee shall register such transfer on the Certificate Register maintained by it.

At the option of the Holder, Certificates may be exchanged for other Certificates of like Maturity, of any denomination and of like aggregate principal amounts upon surrender to the Indenture Trustee of the Certificates to be exchanged. Whenever any Certificates are so surrendered for exchange, the Owner Trustee shall execute, and the Indenture Trustee shall authenticate and deliver, the Certificates which the Holder making the exchange is entitled to receive.

All Certificates issued upon any transfer or exchange of Certificates shall be the valid obligations of the Owner Trustee, evidencing the same obligations, and entitled to the same security and benefits under this Indenture, as the Certificates surrendered upon such transfer or exchange.

Every Certificate presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Indenture Trustee and the Owner Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Certificates, but the Owner Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

The Indenture Trustee shall not be required to transfer or exchange any Certificate (a) for a period of 15 days before the mailing of a notice of redemption of such Certificate or (b) with respect to which notice of redemption has been given pursuant to Section 402 and such notice has not been revoked.

SECTION 205. Mutilated, Destroyed, Lost and Stolen Certificates. If (i) any mutilated Certificate is surrendered to the Indenture Trustee, or if satisfactory evidence of the destruction, loss or theft of any Certificate is presented to the Indenture Trustee and the Owner Trustee and (ii) there is delivered to the Indenture Trustee and the Owner Trustee such security or indemnity as may be reasonably required by either of them to save each of them harmless, then, in the absence of notice to the Indenture Trustee or the Owner Trustee that such Certificate has been acquired by a bona fide purchaser, the Owner Trustee shall execute and the Indenture Trustee shall authenticate and deliver, in exchange for any such mutilated Certificate, or in lieu of any such destroyed, lost or stolen Certificate, a new Certificate of the like Maturity and principal amount.

Upon the issuance of any new Certificate under this Section, the Indenture Trustee or the Owner Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any destroyed, lost or stolen Certificate shall constitute an original additional contractual obligation hereunder, whether or not the destroyed, lost or stolen Certificate shall be at any time enforceable by anyone, and each such new Certificate shall be entitled to all the security and benefits of the Certificate so destroyed, lost or stolen, equally and proportionately with any and all other Certificates duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement of mutilated, destroyed, lost or stolen Certificates.

SECTION 206. Persons Deemed Owners. The Owner Trustee and the Indenture Trustee may treat the Person in whose name any Certificate is registered as the owner thereof for the purpose of receiving payment of principal of, and Premium, if any, and interest on, such Certificate and for all other purposes whatsoever, whether or not such Certificate be overdue, and neither the Owner Trustee nor the Indenture Trustee shall be affected by notice to the contrary.

SECTION 207. Cancellation. All Certificates surrendered for payment, redemption, transfer or exchange shall, if surrendered to the Owner Trustee or any agent of the Owner Trustee or of the Indenture Trustee, be delivered to the Indenture Trustee and promptly cancelled by it, or, if surrendered to the Indenture Trustee, shall be promptly cancelled by it, and no Certificates shall be issued in lieu thereof except as expressly permitted by the provisions of this Indenture. The Indenture Trustee shall destroy cancelled Certificates and deliver a certificate of such destruction to the Owner Trustee. If the Owner Trustee shall acquire any of the Certificates, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Certificates unless and until the same are delivered to the Indenture Trustee for cancellation.

ARTICLE III

Holder Lists

SECTION 301. Holder Lists. The Indenture Trustee shall preserve in as current a form as is reasonably practi-

cable the most recent list available to it of the names and addresses of the Holders.

SECTION 302. Disclosure of Holder Lists. (a) In case three or more Holders (hereinafter referred to as "applicants") apply in writing to the Indenture Trustee and furnish to the Indenture Trustee reasonable proof that each such applicant has owned a Certificate for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Indenture or under the Certificates and it is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee shall, within five Business Days after the receipt of such application, at its election, either

(i) afford to such applicants access to the information preserved at the time by the Indenture Trustee in accordance with the provisions of Section 301 hereof, or

(ii) inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with the provisions of this Article III hereof, and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford to such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each Holder whose name and address appears in the information preserved at the time by the Indenture Trustee in accordance with the provisions of this Article III hereof a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee by such applicants of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Indenture Trustee shall mail to such applicants a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Holders or would be in violation of applicable law. Such written statement shall specify the basis of such opinion.

(b) Each and every Holder of a Certificate, by receiving and holding such Certificate, agrees with the Owner Trustee, WTC and the Indenture Trustee that neither the Owner Trustee nor the Indenture Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with the provisions of this Article III, regardless of the source from which such information was derived, and that the Indenture Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 302.

ARTICLE IV

Redemption and Assumption

SECTION 401. Redemption of Certificates. The Certificates shall, in the manner specified and subject to the provisions (including the provisions with respect to notice) set forth in this Article, be redeemable as follows:

(a) Redemption Upon the Occurrence of an Event of Loss. Subject to the proviso to the first sentence of Section 402(e), all of the Outstanding Certificates of each Maturity shall be redeemed in whole or in part subsequent to the occurrence of an Event of Loss with respect to any Locomotive for which replacements are not delivered pursuant to Section 11(c) of the Lease for an aggregate redemption price equal to the sum of (i) an amount equal, as to principal thereof, to the product obtained by multiplying the aggregate unpaid principal amount of the Outstanding Certificates as at the Redemption Date therefor by a fraction, the numerator of which shall be Lessor's Cost of such Locomotives and the denominator of which shall be aggregate Lessor's Cost of all Locomotives included in the Indenture Estate immediately prior to such Event of Loss and (ii) the aggregate amount of interest accrued and unpaid to such Redemption Date on the principal amounts to be redeemed of the Outstanding Certificates to be redeemed wholly or partially on such Redemption Date, all as determined pursuant to Section 402(e), but without payment of any premium.

(b) Redemption in the Event of Voluntary Termination. Subject to the proviso to the first sentence of Section 402(e), all of the Outstanding Certificates of each Maturity shall be redeemed in whole or in part in the event of a voluntary termination of the Lease pur-

suant to Section 12 thereof with respect to any Locomotive for an aggregate redemption price equal to the sum of (i) an amount equal, as to principal thereof, to the product obtained by multiplying the aggregate unpaid principal amount of the Outstanding Certificates as at the Redemption Date therefor by a fraction, the numerator of which shall be Lessor's Cost of such Locomotive and the denominator of which shall be aggregate Lessor's Cost of all Locomotives included in the Indenture Estate immediately prior to the relevant Termination Date, (ii) the aggregate amount of interest accrued and unpaid to such Redemption Date on the principal amounts to be redeemed of the Outstanding Certificates to be redeemed wholly or partially on such Redemption Date and (iii) the aggregate Premium, if any, applicable in respect of such principal amounts so to be redeemed as at such Redemption Date, all as determined pursuant to Section 402(e).

(c) Redemption in the Event of Refinancing. The Outstanding Certificates shall be redeemed in whole in the event the Certificates are refinanced pursuant to Section 20 of the Participation Agreement for an aggregate redemption price equal to the sum of (i) 100% of the aggregate unpaid principal amount of such Certificates, (ii) the aggregate accrued and unpaid interest thereon to the Redemption Date, and (iii) the Premium, if any, applicable thereto.

(d) Redemption in Event of Purchase of Locomotives. In the event of the purchase of Locomotives by the Lessee pursuant to Section 2(e) of the Lease, subject to the proviso to the first sentence of Section 402(e), all of the Outstanding Certificates of each Maturity shall, except and to the extent that such purchase constitutes an Assumption Event in respect of which all conditions therefor pursuant to Section 403 have been satisfied, be redeemed for an aggregate redemption price equal to the sum of (i) an amount equal, as to principal thereof, to the product obtained by multiplying the aggregate unpaid principal amount of the Outstanding Certificates at the Redemption Date therefor by a fraction, the numerator of which shall be aggregate Lessor's Cost of such Locomotives and the denominator of which shall be aggregate Lessor's Cost of all Locomotives included in the Indenture Estate immediately prior to the relevant purchase date, (ii) the aggregate amount of interest accrued and unpaid to such Redemption Date on the principal amounts to be

redeemed of the Outstanding Certificates to be redeemed wholly or partially on such Redemption Date and (iii) the aggregate Premium, if any, applicable in respect of such principal amounts so to be redeemed as at such Redemption Date, all as determined pursuant to Section 402(e).

(e) Redemption by Election of Owner Participant. The Outstanding Certificates shall be subject to redemption and shall be redeemed in whole pursuant to the provisions of Section 1202(a).

(f) Redemption in Case of Failure to Close. In the event that any Locomotive listed on Schedule F to the Participation Agreement is not delivered at the Closing, subject to the proviso to the first sentence of Section 402(e), all of the Outstanding Certificates of each Maturity shall be redeemed simultaneous with the issuance thereof in whole or in part for an aggregate redemption price equal to the sum of (i) an amount equal, as to principal thereof, to the product obtained by multiplying the aggregate unpaid principal amount of the Outstanding Certificates at the Redemption Date therefor by a fraction, the numerator of which shall be the aggregate Lessor's Cost of each such Locomotive and the denominator of which shall be the aggregate Lessor's Cost for all Locomotives listed on Exhibit F to the Participation Agreement and (ii) the aggregate amount of interest accrued and unpaid to such Redemption Date on the principal amounts to be redeemed of the Outstanding Certificates to be redeemed wholly or partially on such Redemption Date, but without payment of any premium.

SECTION 402. Redemption Date; Redemption Notice; Effect of Redemption, Etc. (a) The Redemption Date in respect of Outstanding Certificates to be redeemed pursuant to: (i) clause (a) of Section 401 shall be the date upon which payment of the relevant Stipulated Loss Value is required to be made by the Lessee pursuant to Section 11 of the Lease; (ii) clause (b) of Section 401 shall be the relevant Termination Date; (iii) clause (c) of Section 401 shall be the applicable Refinancing Date; (iv) clause (d) of Section 401 shall be January 1, 2007; (v) clause (e) of Section 401 shall be the date specified in the notice delivered by the Owner Trustee to the Indenture Trustee pursuant to Section 1202(a); and (vi) clause (f) of Section 401 shall be the Closing Date.

(b) Except in the case of a redemption pursuant to clause (f) of Section 401, notice of redemption shall be given by the Indenture Trustee not less than 15 nor more than 30 days prior to the relevant Redemption Date to each Holder appearing on the Certificate Register. Each such notice of redemption shall specify the Redemption Date, the aggregate principal amount of the Certificates to be redeemed and any other amounts to be distributed to such Holder upon such redemption (including accrued interest and whether Premium may be payable) and shall state (i) if less than all the Certificates Outstanding are to be redeemed wholly or in part, the identification number (and the respective principal amounts) of the Certificates to be redeemed, (ii) that on the Redemption Date all such amounts will become due and payable upon each such Certificate upon presentation and surrender of such Certificates to the Indenture Trustee, (iii) that on and after said date interest on such Certificates will cease to accrue and (iv) the place or places where such Certificates are to be presented, or in the case of redemption in full, surrendered for payment.

Except in the case of a redemption pursuant to clause (f) of Section 401, notice of redemption shall be given by the Owner Trustee (or by the Lessee on behalf of the Owner Trustee) to the Indenture Trustee not less than 45 days prior to the relevant Redemption Date.

In the case of a redemption pursuant to clause (f) of Section 401, notice of redemption shall be given to each Holder on the Redemption Date. Each such notice of redemption shall specify the aggregate principal amount of the Certificates to be redeemed and shall state (i) if less than all the Certificates Outstanding are to be redeemed wholly or in part, the identification number (and the respective principal amounts) of the Certificates to be redeemed, (ii) that on the Redemption Date the aggregate principal amount of the Certificates shall be due and payable and (iii) that on or after said date interest on such Certificates will cease to accrue.

(c) If notice of a redemption shall have been given as above provided, and, with respect to any redemption other than a redemption pursuant to clause (f) of Section 401, there shall have been deposited on or prior to 11:00 A.M. (Hartford Time) on the applicable Redemption Date with the Indenture Trustee and the Indenture Trustee shall by such time be holding for distribution pursuant to Section 1002, the aggregate redemption price in respect of the

redemption to occur on such Redemption Date, the principal to be redeemed of Outstanding Certificates specified in such notice shall become due and payable on such Redemption Date and, from and after such Redemption Date, interest on such principal amount of such Certificates shall cease to accrue and such principal amount shall no longer be deemed to be unpaid or Outstanding hereunder and such principal amount of such Certificates shall cease to be entitled to the benefit of this Indenture except that the Holders of the relevant Certificates shall be entitled to receive payment from moneys held by the Indenture Trustee for such redemption. The Indenture Trustee shall hold all such moneys in trust for the Holders thereof.

(d) If any principal amount of any Certificate called for redemption or any amount of interest thereon (to the extent actually received from the Lessee) or Premium, if any, in respect thereof shall not be so paid upon surrender thereof for redemption on or after the applicable Redemption Date, such amount (to the extent permitted by Applicable Law) shall, until paid, bear interest from such Redemption Date at the per annum rate set forth on the face of such Certificate plus 1%.

(e) If there shall be a redemption of less than 100% of the unpaid principal amount of all the Outstanding Certificates, the unpaid principal amount of each Outstanding Certificate shall be redeemed in connection with such redemption on the applicable Redemption Date in an amount equal to the product obtained by multiplying the aggregate amount for all Outstanding Certificates in respect of principal included in the applicable redemption price determined in accordance with the applicable subsection of Section 401 by a fraction, the numerator of which shall be the unpaid principal amount of such Certificate as at such Redemption Date and the denominator of which shall be the aggregate unpaid principal amount of all Outstanding Certificates as at such Redemption Date, and the determination of accrued and unpaid interest thereon to such Redemption Date and of Premium, if any, as at such Redemption Date payable in connection with such redemption shall be effected accordingly, provided, however, that the Indenture Trustee shall allocate, by such method as the Indenture Trustee shall deem fair and appropriate, the aggregate amount of principal of Certificates having the same Maturity to be redeemed on such Redemption Date among some or all of the Certificates having the same Maturity with a view to minimize the extent to which such redemption would cause any such Certificate to have an unpaid principal

amount of less than \$1,000 or an integral multiple of less than \$1,000, and, to the extent that such allocations are made, the determination of accrued and unpaid interest and Premium, if any, payable in connection with such redemption shall be effected consistently with such allocations.

The Indenture Trustee shall promptly notify the Owner Trustee and Lessee in reasonable detail as to information of the character described in clause (b) of this Section 402 in connection with any redemption.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Certificates shall relate, in the case of any Certificate redeemed or to be redeemed only in part, to the portion of the principal of such Certificate which has been or is to be redeemed.

(f) Notwithstanding any provision herein to the contrary, in connection with a redemption pursuant to clause (f) of Section 401, the payment by the Indenture Trustee of the redemption price payable upon such redemption shall be offset against the payment of the purchase price of the Certificates made to the Indenture Trustee for the benefit of the Owner Trustee pursuant to Section 2(c) of the Purchase Agreement relating to the Certificates among the Lessee and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co.

SECTION 403. Assumption of Certificates. (a) In the event of the occurrence of an Assumption Event and upon satisfaction of the terms and conditions set forth in subsection (b) hereof, all or a pro rata portion (as the case may be) of the obligations and liabilities of the Owner Trustee hereunder and under the Certificates shall be assumed by the Lessee and the Owner Trustee shall be released and discharged without further act or formality whatsoever from all or a pro rata portion (as the case may be) of such obligations and liabilities, in each case by instruments in form and substance reasonably satisfactory to the Owner Trustee, the Owner Participant and the Indenture Trustee.

(b) Any assumption pursuant to the foregoing subsection (a) shall be subject to compliance to the satisfaction of the Indenture Trustee with the following conditions and the delivery of an Officer's Certificate of the Lessee to the effect that the below enumerated conditions (to the

extent such conditions relate to the Lessee) have been duly complied with:

(i) the Owner Trustee and the Indenture Trustee shall have executed and delivered a supplemental indenture pursuant to Sections 801 and 904 releasing from the Lien of this Indenture the Locomotives in respect of which an Assumption Event shall have occurred;

(ii) (x) the Lessee shall have made all relevant payments and done all other things necessary under the Lease with respect to such Assumption Event, (y) the Lessee and the Indenture Trustee shall have executed and delivered for the benefit of the Holders documentation in form and substance satisfactory to the Indenture Trustee evidencing the granting of a security interest by the Lessee in the Locomotives in respect of which an Assumption Event has occurred and the undertaking by the Lessee of the obligations in respect of principal, interest and Premium, if any, on the Certificates or portions thereof as shall correspond to such Locomotives, in each case, on substantially the same terms provided for in this Indenture and other appropriate undertakings by the Lessee on substantially the same terms provided for in the Lease and (z) the Lessee shall have executed, delivered and filed such financing statements as the Indenture Trustee may at such time reasonably deem necessary to perfect such security interest;

(iii) no Default, Event of Default, Indenture Default or Indenture Event of Default, after giving effect to the transactions contemplated by this Section 403 shall have occurred and be continuing; and

(iv) the Lessee shall have delivered to the Indenture Trustee an Opinion of Counsel in form and substance satisfactory to the Indenture Trustee to the effect that:

(A) each of the documentation executed and delivered by the Lessee pursuant to paragraph (a) or clauses (i) and (ii) above constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws of general application affecting creditors' rights and (ii) general princi-

ples of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and creates a legal, valid and perfected first-priority Lien on and security interest in the Locomotives and the other property and rights with respect thereto;

(B) after such assumption, such Locomotives purchased by the Lessee will be free and clear of all Liens of record, other than Permitted Encumbrances and the Indenture Trustee and the Indenture Estate will, subsequent to such assumption, continue to have the benefits of Section 1168 of the Federal Bankruptcy Code as to such Locomotives and will continue to have such benefits as to all other Locomotives as were available immediately prior to such Assumption Event;

(C) all authorizations, consents, approvals and exemptions of, or other action by, all regulatory bodies necessary in connection with the execution and delivery of such documentation and in connection with the conveyance and transfer of title to such Locomotives purchased by the Lessee from the Owner Trustee have been obtained (specifying the same), or that no such authorization, consent, approval, exemption or other action is required;

(D) no other action is necessary or advisable in order to establish and perfect the Lessee's title to and interest in such Locomotives purchased by the Lessee as against the Owner Trustee or any third party;

(E) such recordings, registrations and filings and such other actions have been taken as are required by law to perfect, preserve and protect the security interest granted in the Locomotives in respect of which an Assumption Event has occurred and the other property and rights with respect thereto and reciting the details of such action or stating that, in the opinion of such counsel, no such action is necessary to perfect, preserve and protect such Lien;

(F) the Lessee has duly complied with all its obligations hereunder and under the Lease and all other conditions hereunder and under the Lease

have been satisfied, in each case with respect to such Assumption Event; and

(G) such assumption will not result in a taxable sale or exchange of any Certificate as to any Holder thereof.

Notice of any assumption pursuant to this Section shall be given to the Holders of the Certificates (and any assignee of a registered Holder which has given the Indenture Trustee written notice of such assignment) as promptly as practicable after the Indenture Trustee is notified thereof. Upon surrender of Certificates Outstanding for such purpose, (x) the Owner Trustee will cancel such Certificates and execute and deliver, and the Indenture Trustee will authenticate, new Certificates evidencing the then outstanding obligations of the Owner Trustee in respect of the Locomotives remaining subject to the Lien of this Indenture after such Assumption Event and (y) the Lessee shall execute and deliver new Certificates secured by the instrument referred to in clause (ii) of this Section 403(b), with full recourse evidencing the liability of the Lessee so assumed.

SECTION 404. Deposit of Redemption Price. The Owner Trustee shall, on or prior to any Redemption Date deposit with the Indenture Trustee by 11:00 A.M. (Hartford time), in immediately available funds, an amount equal to the aggregate redemption price in respect of the Certificates to be redeemed on such Redemption Date and, to the extent there shall not, on any Redemption Date, have been deposited with the Indenture Trustee and be held in the Indenture Estate for distribution pursuant to Section 1002 an amount equal to the aggregate redemption price in respect of the redemption to occur on such Redemption Date, the Owner Trustee shall deposit with the Indenture Trustee in immediately available funds an amount equal to the difference between the amount then so held in the Indenture Estate and such aggregate redemption price. Upon deposit of such amount on or prior to such Redemption Date, interest shall cease to accrue as at such Redemption Date in respect of the principal amount of Certificates to be redeemed on such Redemption Date.

ARTICLE V

Satisfaction and Discharge

SECTION 501. Satisfaction and Discharge of Indenture; Release of Indenture Estate. If at any time (a) the Owner Trustee shall have paid or caused to be paid the principal of, Premium, if any, and interest on all the Certificates Outstanding hereunder, as and when the same shall have become due and payable, or (b) the Owner Trustee shall have delivered to the Indenture Trustee for cancellation all Certificates theretofore authenticated (other than any Certificates which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 205) or (c) (i) all such Certificates not theretofore delivered to the Indenture Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption under arrangements satisfactory to the Indenture Trustee for the giving of notice of redemption by the Indenture Trustee in the name and at the expense of the Owner Trustee, and (ii) the Owner Trustee shall have irrevocably deposited or caused to be deposited with the Indenture Trustee as trust funds the entire amount in cash (other than moneys repaid by the Indenture Trustee to the Owner Trustee in accordance with Section 503) or Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of cash sufficient to pay when due principal, Premium, if any, and interest on all such Certificates not theretofore delivered to the Indenture Trustee for cancellation, including principal, Premium, if any, and interest due or to become due to such date of maturity, as the case may be, and if, in any such case, the Owner Trustee shall also pay or cause to be paid all other sums payable hereunder by the Owner Trustee, then this Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange, and the Owner Trustee's rights of optional redemption, (ii) substitution of mutilated, or destroyed, lost or stolen Certificates, (iii) rights of Holders to receive payments of principal thereof and interest thereon, upon the original stated due dates therefor (but not upon acceleration), (iv) the rights, obligations, indemnities and immunities of the Indenture Trustee hereunder and (v) the rights of the Holders as beneficiaries hereof with respect to the property so deposited with the Indenture Trustee payable to all or any of them), and the Indenture Trustee, on demand of the Owner Trustee accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Owner

Trustee, shall execute proper instruments acknowledging such satisfaction of and discharging this Indenture. The Owner Trustee agrees to reimburse and indemnify the Indenture Trustee for any costs or expenses thereafter reasonably and properly incurred and to compensate the Indenture Trustee for any services thereafter reasonably and properly rendered by the Indenture Trustee in connection with this Indenture or the Certificates.

Upon (or at any time after) payment in full to the Indenture Trustee, as trust funds, of the principal of and interest on and Premium, if any, and all other amounts due under all Certificates and provided that there shall then be no other amounts due to the Holders and the Indenture Trustee hereunder or under the Indenture Estate Documents or otherwise secured hereby, the Owner Trustee shall direct the Indenture Trustee to execute and deliver to or as directed in writing by the Owner Trustee an appropriate instrument releasing the property subject thereto from the Lien of this Indenture, and the Indenture Trustee shall execute and deliver such instrument as aforesaid and, at the Owner Trustee's expense, will execute and deliver such other instruments or documents as may be reasonably requested by the Owner Trustee to give effect to such release; provided, however, that this Indenture and the trusts created hereby shall terminate earlier and this Indenture shall be of no further force or effect upon any sale or other final disposition by the Indenture Trustee of all property forming a part of the Indenture Estate and the final distribution by the Indenture Trustee of all moneys or other property or proceeds constituting part of the Indenture Estate in accordance the terms hereof. Except as aforesaid otherwise provided, this Indenture and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

SECTION 502. Application by Indenture Trustee of Funds Deposited for Payment of Certificates. Subject to Section 503, all moneys deposited with the Indenture Trustee pursuant to Section 501 shall be held in trust and applied by it to the payment when due of all sums due and to become due thereon for principal, interest and Premium; but such money need not be segregated from other funds except to the extent required by law.

SECTION 503. Transfer of Moneys Held by Indenture Trustee and Paying Agent Unclaimed for Two Years and Eleven Months. Any moneys deposited with or paid to the Indenture Trustee for the payment of the principal of or interest or

Premium on any Certificate and not applied but remaining unclaimed for two years and eleven months after the date upon which such principal, interest or Premium shall have become due and payable, shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be paid to the Owner Trustee by the Indenture Trustee and the Holder of such Certificate, as a general unsecured creditor, shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Owner Trustee (subject to Section 28(g) of the Participation Agreement) for any payment which such Holder may be entitled to collect, and all liability of the Indenture Trustee, with respect to such moneys shall thereupon cease.

ARTICLE VI

Events of Default; Remedies

SECTION 601. Indenture Events of Default.

"Indenture Events of Default", wherever used herein, shall mean any one of the following events (whatever the reason for such Indenture Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body), subject, however, to the right of the Owner Trustee to cure such Indenture Event of Default pursuant to Section 1203:

(a) default in the payment of principal of, or Premium, if any, or interest on, any Certificate when such principal, Premium or interest becomes due and payable (whether upon redemption, upon maturity, or otherwise) and continuance of such default for a period of 10 Business Days after the same shall become due; or

(b) default in a material respect in the performance, or breach, of any covenant or warranty of the Owner Trustee in this Indenture, or in Section 15 of the Participation Agreement or default in a material respect in the performance, or breach, of any covenant or warranty of the Owner Participant in Section 15 of the Participation Agreement (other than a covenant or warranty the default in the performance or breach of which would be an Event of Default under the Lease or which is elsewhere in this Section specifically dealt with) or breach in a material respect of any represen-

tation of the Owner Participant or the Owner Trustee in the Participation Agreement, and the Owner Trustee or the Owner Participant, as the case may be, shall not have diligently commenced to cure (in the case of a cure that cannot be effected by a payment of money or any breach of a representation) or shall not have cured (in the case of a cure which can be effected by a payment of money) such default or breach on or prior to the 30th day after there has been given, by registered or certified mail, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder (i) by the Indenture Trustee to all of the Owner Participant, the Owner Trustee and the Lessee or (ii) by the Holders of at least 25% in principal amount of the Certificates Outstanding to all of the Owner Participant, the Owner Trustee, the Lessee and the Indenture Trustee, provided, that in the case of a cure that cannot be effected by the payment of money, the failure by the Owner Trustee or the Owner Participant, as the case may be, to cure such default or breach within 15 months after receipt of such notice shall constitute an immediate Indenture Event of Default; or

(c) an Event of Default under the Lease (other than an Event of Default relating to the failure by the Lessee to pay any Supplemental Rent due and owing pursuant to the second sentence of Section 21 of the Lease) shall have occurred and be continuing; or

(d) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Owner Trustee or the Owner Participant under the Federal Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for the Owner Trustee or the Owner Participant or any substantial part of its property or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days or a petition shall be filed against the Owner Trustee or the Owner Participant under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within 60 days after such filing; or

(e) the commencement by the Owner Trustee or the Owner Participant of a voluntary case under the Federal Bankruptcy Code or any other applicable federal or state law, or the consent or acquiescence by it to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Owner Trustee or the Owner Participant or of any substantial part of the property of either of them, or the making by either of them of an assignment for the benefit of creditors, or the admission by either of them in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Owner Trustee or the Owner Participant in furtherance of any such action.

SECTION 602. Remedies. (a) If an Indenture Event of Default shall have occurred and be continuing, then and in every such case, the Indenture Trustee may, and when required by the provisions of Article VII or Section 602(c) hereof, shall, exercise any or all of the rights and powers and pursue any and all of the remedies pursuant to this Article VI and, in the event such Indenture Event of Default is an Indenture Event of Default referred to in paragraph (c) of Section 601 hereof, but subject to the provisions of Section 1203 hereof, exercise any and all of the remedies pursuant to Section 15 of the Lease and may take possession of all or any part of the properties covered or intended to be covered by the Lien and security interest created hereby or pursuant hereto and may exclude the Owner Participant, the Owner Trustee and the Lessee and all persons claiming under any of them wholly or partly therefrom. Without limiting any of the foregoing, it is understood and agreed that the Indenture Trustee may exercise any right of sale of the Locomotives available to it, even though it shall not have taken possession of the Locomotives and shall not have possession thereof at the time of such sale. Notwithstanding the foregoing, so long as no Indenture Event of Default other than an Event of Default under the Lease has occurred and is continuing, the Indenture Trustee shall not foreclose upon the Lien of this Indenture or otherwise exercise rights hereunder which would cause the Owner Trustee to lose its title in the Locomotives with respect to such Indenture Event of Default that is an Event of Default under the Lease for a period of 15 Business Days after the date on which the Owner Participant shall first have the right to instruct the Owner Trustee to purchase Certificates pursuant to Section 1202(b) hereof in respect of such Indenture Event of Default, which period shall be revised to end on the third

Business Day following the date, if any, on which the Owner Trustee, upon instruction from the Owner Participant, irrevocably elects in writing by notice to the Indenture Trustee to purchase all of the Certificates and demonstrates ability to so purchase, provided such election is made within the initial 15 Business Day period. It is further understood and agreed that if the Indenture Trustee shall proceed to foreclose the Lien of this Indenture or otherwise exercise rights hereunder which would cause the Owner Trustee to lose its title in the Locomotives, the Indenture Trustee shall, to the extent that it is then entitled to do so hereunder and under the Lease, proceed (to the extent it has not already done so) to exercise one or more of the remedies with respect to the Locomotives referred to in Section 15 of the Lease as it shall determine in its sole good faith discretion.

(b) If an Indenture Event of Default referred to in clause (d) or (e) of Section 601 hereof shall have occurred, or an Event of Default referred to in clause (e) or (f), of Section 14 of the Lease shall have occurred, then and in every such case the unpaid principal of all Outstanding Certificates, together with interest accrued but unpaid thereon and all other amounts due thereunder and hereunder, but without Premium, shall immediately and without further act become due and payable, without presentment, demand, protest or notice, all of which are hereby waived.

(c) If any Indenture Event of Default not described in the preceding paragraph (b) shall have occurred and be continuing, then and in every such case, the Indenture Trustee may on its own accord or at the direction of Holders of not less than 25% in aggregate principal amount of Outstanding Certificates, at any time, by written notice or notices to the Owner Trustee and the Lessee, declare the principal of all the Certificates to be due and payable, whereupon the unpaid principal of all Outstanding Certificates, together with accrued but unpaid interest thereon and all other amounts due thereunder, shall immediately become due and payable without presentment, demand, protest or other notice, all of which are hereby waived. At any time after such declaration and prior to the sale or disposition of the Indenture Estate, however, the Holders of not less than 50% in aggregate principal amount of Outstanding Certificates, by notice to the Indenture Trustee, the Owner Trustee and the Lessee, may rescind such declaration, whether made by the Indenture Trustee on its own accord or as directed, if (x) there has been paid or deposited with the Indenture Trustee a sum sufficient to pay all overdue

installments of interest on all Certificates (together, to the extent permitted by law, with interest on such overdue installments of interest), the principal on any Certificates that has become due otherwise than by such declaration of acceleration, all sums paid or advanced by the Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and (y) all Indenture Defaults and Indenture Events of Default (other than the nonpayment of principal that has become due solely because of such acceleration) have been either cured or waived as provided in Section 612. No such rescission shall affect any subsequent default or impair any right consequent thereon.

(d) If an Indenture Event of Default has occurred, has not been waived and is continuing, the Indenture Trustee may in its discretion proceed to protect and enforce its rights and rights of the Holders by such appropriate judicial proceedings as the Indenture Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture or to enforce any other legal or equitable right vested in the Indenture Trustee or the Holders by this Indenture or by law; provided, that any sale of any portion of the Indenture Estate shall be done in accordance with Section 603.

SECTION 603. Return of Locomotives, Etc. Subject to Section 602: (a) If an Indenture Event of Default shall have occurred and be continuing, at the request of the Indenture Trustee, the Owner Trustee shall promptly execute and deliver to the Indenture Trustee such instruments of title and other documents as the Indenture Trustee may deem necessary or advisable to enable the Indenture Trustee or an agent or representative designated by the Indenture Trustee, at such time or times and place or places as the Indenture Trustee may specify, to obtain possession of all or any part of the Indenture Estate to which the Indenture Trustee shall at the time be entitled hereunder. If the Owner Trustee shall for any reason fail to execute and deliver such instruments and documents after such request by the Indenture Trustee, the Indenture Trustee may (i) obtain a judgment conferring on the Indenture Trustee the right to immediate possession and requiring the Owner Trustee to execute and deliver such instruments and documents to the Indenture Trustee, to the entry of which judgment the Owner Trustee hereby specifically consents, and (ii) pursue all or part of

the Indenture Estate wherever such Indenture Estate may be found and may enter any of the premises of the Lessee and search for and take possession of and remove the Indenture Estate. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Indenture.

(b) Upon every such taking of possession, the Indenture Trustee may, from time to time, at the expense of the Indenture Estate, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Indenture Estate, as it may deem proper. In each such case, the Indenture Trustee shall have the right to maintain, use, operate, store, lease, control or manage the Indenture Estate and to carry on the business and, without limiting any express provisions of Section 1201 hereof, to exercise all rights and powers of the Owner Participant and the Owner Trustee relating to the Indenture Estate, as the Indenture Trustee shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, insurance, use, operation, storage, leasing, control, management or disposition of the Indenture Estate or any part thereof as the Indenture Trustee may determine; and, except for Excepted Payments, the Indenture Trustee shall be entitled to collect and receive directly all rents (including Rent), revenues, issues, income, products and profits of the Indenture Estate and every part thereof without prejudice to the right of the Indenture Trustee under any provision hereof to collect and receive all cash held by, or required to be deposited with, the Indenture Trustee hereunder. Such rents (including Rent), revenues, issues, income, products and profits shall be applied to pay the expenses of the use, operation, storage, leasing, control, management or disposition of the Indenture Estate and of conducting the business thereof, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Indenture Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Indenture Estate or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Owner Trustee), and all other payments which the Indenture Trustee may be required or authorized to make under any provision of this Indenture, as well as just and reasonable compensation for the services of the Indenture Trustee, and of all other persons properly engaged and employed by the Indenture Trustee.

(c) If an Indenture Event of Default shall have occurred and be continuing and the Indenture Trustee shall be entitled to exercise remedies hereunder, and subject to Article XII hereof, the Indenture Trustee, either with or without taking possession, and either before or after taking possession, and without instituting any legal proceedings whatsoever, may sell, assign, transfer and deliver the whole or, from time to time, to the extent permitted by law, any part of the Indenture Estate, or any part thereof, or interest therein, at public auction, with or without demand, advertisement or notice, except as expressly provided for below in this Section 603(c), for cash or credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Indenture Trustee in its sole discretion may determine; provided, that any such action shall be at the time lawful and that all mandatory legal requirements shall be complied with. The Indenture Trustee shall give the Owner Trustee, the Owner Participant and the Lessee at least 20 days' notice of any such public sale. Such notice shall state the time and place fixed for such sale. Any such public sale shall be held at such time or times within ordinary business hours as the Indenture Trustee shall fix in the notice of such sale. At any such sale, the Indenture Estate may be sold in one lot as an entirety or in separate lots. The Indenture Trustee shall not be obligated to make any sale pursuant to such notice. The Indenture Trustee may, without notice or publication, adjourn any public sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and any such sale may be made at any time or place to which the same may be so adjourned without further notice or publication. The Indenture Trustee may exercise such right of sale without possession or production of the Certificates or proof of ownership thereof, and as representative of the Holders may exercise such right without notice to the Holders and without including the Holders as parties to any suit or proceedings relating to the foreclosure of any part of the Indenture Estate. The Owner Trustee shall execute any and all such bills of sale, assignments and other documents, and perform and do all other acts and things requested by the Indenture Trustee in order to permit consummation of any sale of the Indenture Estate in accordance with this Section 603(c) and to effectuate the transfer or conveyance referred to in the first sentence of this Section 603(c).

(d) To the extent permitted by Applicable Law, the Indenture Trustee or any Holder may be a purchaser of the Indenture Estate or any part thereof or any interest

therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Indenture Trustee may apply against the purchase price therefor the amount then due hereunder or under any of the Certificates secured hereby and any Holder may apply against the purchase price therefor the amount then due to it hereunder, under any other Operative Document or under the Certificates held by such Holder to the extent that such portion of the purchase price as it would have received had it been entitled to share any distribution thereof. The Indenture Trustee or any Holder or nominee thereof shall, upon any such purchase, acquire good title to the property so purchased, free of the Lien of this Indenture and, to the extent permitted by Applicable Law, free of all rights of redemption of the Owner Trustee or the Owner Participant in respect of the property so purchased.

(e) Subject to Article XII hereof, the Owner Trustee hereby irrevocably constitutes the Indenture Trustee the true and lawful attorney-in-fact of the Owner Trustee in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Indenture, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Indenture Trustee may consider necessary or appropriate, with full power of substitution, and the Owner Trustee hereby ratifies and confirms all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Indenture Trustee or any purchaser, the Owner Trustee shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Indenture Trustee or such purchaser of all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

(f) The Indenture Trustee shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Indenture Trustee or any successor or nominee) for all or any part of the Indenture Estate, whether such receivership be incidental to a proposed sale of the Indenture Estate or the taking of possession thereof or otherwise, and the Owner Trustee hereby consents to the appointment of such receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Indenture Estate shall be entitled to exercise all of the rights and powers of the Indenture Trustee with respect to the Indenture Estate.

(g) Any sale of the Indenture Estate or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall be a perpetual bar against the Owner Trustee after the expiration of the period, if any, during which the Owner Trustee shall have the benefit of redemption laws which may not be waived pursuant to Section 614 hereof.

SECTION 604. Right of Indenture Trustee to Judgment; Proofs of Claim. Subject to Section 109, if the Owner Trustee shall fail to pay any amount payable hereunder or under the Certificates, the Indenture Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Owner Trustee or other obligor upon the Certificates and collect in the manner provided by law out of the property of the Owner Trustee or other obligor upon the Certificates, wherever situated, the moneys adjudged or decreed to be payable; provided, that any sale of any portion of the Indenture Estate shall be done in accordance with Section 603(c).

In case there shall be pending proceedings relative to the Owner Trustee under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Owner Trustee or its property, or in case of any other comparable judicial proceedings relative to the Owner Trustee upon the Certificates, or to the property of the Owner Trustee, the Indenture Trustee, irrespective of whether the principal of the Certificates shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(a) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Certificates, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the

Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or bad faith) and of the Holders allowed in any judicial proceedings relative to the Owner Trustee or to the property of the Owner Trustee,

(b) unless prohibited by applicable law and regulations, to vote on behalf of the Holders in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings, and

(c) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Holders and of the Indenture Trustee on their behalf;

and any trustee, receiver, or liquidator, custodian or other similar official is hereby authorized by each of the Holders to make payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to the Holders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or bad faith.

Nothing contained herein shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Certificates or the rights of any Holder thereof, or to authorize the Indenture Trustee to vote in respect of the claim of any Holder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this Indenture, or under any of the Certificates, may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Certificates or the production thereof in any trial or other proceedings relative thereto,

and any such action or proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders.

In any proceedings brought by the Indenture Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party) the Indenture Trustee shall be held to represent all the Holders of the Certificates, and it shall not be necessary to make any Holders parties to any such proceedings.

SECTION 605. Control by Holders. The Holders of a majority in principal amount of the Certificates Outstanding shall have the right, during the continuance of an Indenture Event of Default,

(a) to require the Indenture Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Certificates and the foreclosure of this Indenture, the sale of the Indenture Estate or otherwise or, at the election of the Indenture Trustee, by the exercise of the power of entry and/or sale hereby conferred; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee hereunder; provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture, and

(2) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee which is not inconsistent with such direction.

SECTION 606. General Limitations on Duties of Indenture Trustee. The Indenture Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Locomotives or any other part of the Indenture Estate, or otherwise to take or refrain from taking any action under, or in connection with, the Lease except as expressly provided by the terms of this Indenture

or as expressly provided in directions of the Holders under Section 605, and no implied duties or obligations shall be read into this Indenture against the Indenture Trustee.

SECTION 607. General Limitations on Powers of Indenture Trustee. The Indenture Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Locomotives or any other part of the Indenture Estate except (a) as required or permitted by the terms of the Lease and the Participation Agreement, (b) in accordance with the powers granted to, or the authority conferred upon, the Indenture Trustee pursuant to this Indenture, (c) as provided in directions of the Holders under Section 605 or (d) in connection with the exercise of any rights constituting part of the Indenture Estate, as provided in directions of the Holders of a majority in principal amount of the Certificates Outstanding (except as otherwise expressly provided herein).

SECTION 608. Possession of Certificates by Indenture Trustee Unnecessary for Enforcement. All rights of action and claims under this Indenture or any of the Certificates may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Certificates or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be distributed as provided in Section 1003.

SECTION 609. Limitations on Suits by Holders. No Holder of any Certificate shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder has previously given written notice to the Indenture Trustee of a continuing Indenture Event of Default;

(b) the Holders of not less than 25% in aggregate principal amount of the Certificates shall have made written request to the Indenture Trustee to institute proceedings in respect of such Indenture Event of Default in its own name as Indenture Trustee hereunder;

(c) such Holder or Holders shall have offered to the Indenture Trustee reasonable indemnity against the

costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and

(e) no direction inconsistent with such written request shall have been given to the Indenture Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Certificates;

it being understood and intended that no one or more of the Holders shall have any right in any manner whatever by virtue of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder, or to obtain or to seek to obtain priority or preference over any other Holder or to enforce any right under this Indenture, except in the manner herein provided and for the ratable benefit of all the Holders.

SECTION 610. Unconditional Right of Holder to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Certificate shall have the right, which is absolute and unconditional, to receive payment of the principal of (and Premium, if any) and interest on such Certificate on the respective due dates thereof and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 611. Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Holders of Certificates is intended to be exclusive of any other right or remedy. Every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law, in equity, by statute, or otherwise and may be exercised from time to time and as often and in such order as may be deemed expedient by the Indenture Trustee or the Holders.

SECTION 612. Waiver. (a) Before any foreclosure or sale of any of the Indenture Estate has been made under this Article or any judgment or decree for payment of money due has been obtained by the Indenture Trustee as provided in this Article, the Holders of not less than a majority in aggregate principal amount of the Certificates Outstanding may, by Act of such Holders delivered to the Indenture

Trustee and the Owner Trustee, on behalf of the Holders of all the Certificates, waive any past Indenture Default or Indenture Event of Default hereunder and its consequences, except, in the absence of an Act of Holders of all the Certificates, an Indenture Event of Default or Indenture Default consisting of,

(1) default in the payment of the principal of, or Premium, if any, or interest on, any Certificate, or

(2) default in respect of a covenant or provision hereof which under Article VIII cannot be modified or amended without the consent of the Holders of all Certificates Outstanding affected.

Upon any such waiver, such default shall cease to exist, and any Indenture Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

(b) No delay or omission of the Indenture Trustee or of any Holder to exercise any right or remedy accruing upon any Indenture Event of Default shall impair any such right or remedy or constitute a waiver of any such Indenture Event of Default or an acquiescence therein. Every right and remedy given by this Article VI or by law to the Indenture Trustee or the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Holders, as the case may be.

SECTION 613. Discontinuance of Proceedings. In case the Indenture Trustee or any Holder shall have instituted any proceeding to enforce any right, power or remedy under this Indenture by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Indenture Trustee or such Holder, then and in every such case the Owner Trustee, the Indenture Trustee, the Holders and the Lessee shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder with respect to the Indenture Estate, and all rights, remedies and powers of the Indenture Trustee and the Holders shall continue as if no such proceeding had been instituted.

SECTION 614. Waiver of Appraisement, Etc.; Laws. The Owner Trustee covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or

plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisalment, valuation, stay, extension or redemption law wherever enacted, now or at any time hereafter in force, in order to prevent or hinder the enforcement of this Indenture or the execution of any power granted herein to the Indenture Trustee, or the absolute sale of the Indenture Estate, or any part thereof, or the possession thereof by any purchaser at any sale under this Article VI; and the Owner Trustee for itself and all who may claim under it, so far as it or any of them now or hereafter lawfully may, hereby waives the benefit of all such laws. The Owner Trustee for itself and all who may claim under it waives, to the extent that it lawfully may, all right to have the property in the Indenture Estate marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose this Indenture may order the sale of the Indenture Estate as an entirety.

If any law referred to in this Section 614 and now in force, of which the Owner Trustee or its successors might take advantage despite this Section 614, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 614.

ARTICLE VII

The Indenture Trustee

SECTION 701. Acceptance of Trusts. The Indenture Trustee hereby accepts the trust imposed upon it by this Indenture, covenants and agrees to perform the same as herein expressed and agrees to receive and disburse all moneys constituting part of the Indenture Estate in accordance with the terms hereof.

SECTION 702. Certain Duties and Responsibilities of Indenture Trustee. (a) Except during the continuation of an Indenture Event of Default,

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein and the genuineness of all such writings, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements as to the form of this Indenture.

(b) In case an Indenture Event of Default has occurred and is continuing, the Indenture Trustee shall exercise such of the rights and powers vested in it by this Indenture as it shall be directed in writing from time to time by the Holders of a majority in principal amount of the Certificates Outstanding and in the absence of such direction the Indenture Trustee may take (or may refrain from taking), in its sole discretion, such action as it may deem to be in the interest of the Holders, and upon exercising its rights and powers hereunder the Indenture Trustee shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that:

(i) this subsection (c) shall not be construed to limit the provisions of subsection (a) of this Section 702;

(ii) the Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it shall be proved that the Indenture Trustee was grossly negligent (or negligent in the case of a matter relating to the handling of funds) in ascertaining the pertinent facts;

(iii) the Indenture Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the

Certificates Outstanding relating to the time, method and place of conducting any proceedings for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Indenture Trustee (A) to do anything contrary to law or to the provisions of any Operative Document to which it is a party, or (B) to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct of, or affecting the liability of or affording protection to, the Indenture Trustee shall be subject to the provisions of this Section 702.

SECTION 703. Notice of Defaults. As promptly as possible after a Responsible Officer in the Corporate Trust Administration Department of the Indenture Trustee obtains actual knowledge of any Indenture Default or Indenture Event of Default, the Indenture Trustee shall transmit by mail notice of such Indenture Default or Indenture Event of Default to all Holders, as their names and addresses appear in the Certificate Register, the Owner Trustee and the Owner Participant unless such Indenture Default or Indenture Event of Default shall have been cured or waived. In the event the Indenture Trustee shall have transmitted notice of an Indenture Default or Indenture Event of Default, and such Indenture Default or Indenture Event of Default is subsequently cured or waived, the Indenture Trustee shall give notice to such effect to the Holders, the Owner Trustee and the Owner Participant in the manner hereinabove described. The Indenture Trustee shall not be deemed to have knowledge of any Default or Event of Default under the Lease, Indenture Default, Indenture Event of Default, fact or circumstance absent actual knowledge thereof by a Responsible Officer in the Corporate Trust Administration Department of the Indenture Trustee. The Indenture Trustee shall not be obligated to give the Owner Trustee or the Owner Participant, as the case may be, notice of an Indenture Default or Indenture Event of Default if the Indenture Trustee obtained knowledge of such Indenture Default or Indenture Event of

Default through a notice transmitted to it by the Owner Trustee or the Owner Participant.

SECTION 704. Certain Rights of Indenture Trustee.
Except as otherwise provided in Section 702:

(a) the Indenture Trustee may rely upon and shall be protected in acting or refraining from acting in reliance upon any resolution, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper person or persons;

(b) any request or direction of the Owner Trustee mentioned herein (other than an Owner Trustee Request) shall be sufficiently evidenced by a certificate or request signed by a Responsible Officer of the Owner Trustee;

(c) whenever in the administration of this Indenture the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence be herein specifically prescribed) may be deemed to be conclusively proved and established, in the absence of bad faith on the part of the Indenture Trustee, by a certificate signed by a Responsible Officer of the Owner Trustee, and delivered to the Indenture Trustee;

(d) the Indenture Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Indenture Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Indenture Trustee shall not be bound to make any investigation into the facts or matters stated

in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, Certificate or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and

(g) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 705. Limitation on Responsibility of Indenture Trustee. The recitals contained herein and in the Certificates, except the certificates of authentication, shall be taken as the statements of the Owner Trustee, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representation as to the value or condition of the Indenture Estate or any part thereof, as to the title of the Owner Trustee thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged or deposited with the Indenture Trustee hereunder, or as to the validity or sufficiency of this Indenture, the Certificates, the Lease, the Trust Agreement or any other of the Operative Documents. The Indenture Trustee shall not be responsible for the use or application by the Owner Trustee of the Certificates or the proceeds thereof.

Subject to Section 702, the Indenture Trustee (except in accordance with Section 603 and as required pursuant to Section 605 and without limiting the generality of Sections 607 and 902) shall have no duty (a) to see to any insurance on the Locomotives or to effect or maintain any such insurance, whether or not the Lessee shall be in default with respect thereto, (b) to see to the payment or discharge of any tax, assessment or other Lien owing with respect to, assessed or levied against any of the Locomotives, (c) to inspect the Locomotives at any time or ascertain or inquire as to the performance or observance of any of the covenants of the Lessee under the Lease with respect to the Locomotives, or (d) to confirm, verify or inquire into the failure to receive any financial statements of the Lessee. Notwithstanding the foregoing, the Indenture Trustee will furnish to the Owner Participant and to the Owner Trustee, promptly upon receipt thereof, duplicates or copies

of all reports, notices, requests, demands, certificates and other instruments furnished to the Indenture Trustee under the Lease and this Indenture unless it shall ascertain that such Person shall have already received a copy of the same or shall be entitled to receive the same directly from the Lessee under the Lease.

THE INDENTURE TRUSTEE MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, CONDITION, DESIGN, OPERATION OR MERCHANTABILITY OF ANY LOCOMOTIVE OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP OF ANY LOCOMOTIVE OR AS TO THE FITNESS OF ANY LOCOMOTIVE FOR ANY PARTICULAR USE OR AS TO THE ELIGIBILITY OF ANY LOCOMOTIVE FOR ANY PARTICULAR TRADE, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY LOCOMOTIVE; AND UNDER NO CIRCUMSTANCES WHATSOEVER SHALL THE INDENTURE TRUSTEE BE LIABLE OR RESPONSIBLE TO THE LESSEE, TO THE OWNER TRUSTEE, TO THE OWNER PARTICIPANT, TO ANY HOLDER OR TO ANY PERSON FOR ANY CONSEQUENTIAL DAMAGES.

SECTION 706. Possession of Original Executed Lease. The Indenture Trustee shall at all times keep possession of an original executed counterparts of the Lease, the Lease and Indenture Supplement and all supplements or amendments to the Lease.

SECTION 707. Indenture Trustee May Hold Certificates. The Indenture Trustee may become an owner or pledgee of Certificates and may deal with the other parties to the Participation Agreement and the Lease and the parties to the transactions contemplated thereby, as if it were not the Indenture Trustee.

SECTION 708. Funds May Be Held by Indenture Trustee. Any moneys held by the Indenture Trustee hereunder as part of the Indenture Estate may, until paid out by the Indenture Trustee as herein provided, be carried by the Indenture Trustee on deposit with itself, and the Indenture Trustee shall not have any liability for interest upon any such moneys except as otherwise expressly set forth in Section 1010 hereof.

SECTION 709. Compensation and Reimbursement of Indenture Trustee. It is understood that the Indenture Trustee will receive compensation and reimbursement of expenses as provided in Section 17(d) of the Participation Agreement.

SECTION 710. Corporate Trustee Required; Eligibility. There shall at all times be an Indenture Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 (or the obligations and liabilities of which are irrevocably and unconditionally guaranteed by an affiliated company having a combined capital and surplus of at least \$100,000,000), subject to supervision or examination by Federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 710, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Indenture Trustee shall cease to be or have reason to believe that it shall cease to be eligible in accordance with the provisions of this Section 710, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 711. Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article VII shall become effective until the acceptance of appointment by the successor Indenture Trustee under Section 712 hereof.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Owner Trustee. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Owner Trustee and the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Act of the Holders of a majority in aggregate principal amount of Certificates Outstanding, delivered to the Indenture Trustee and to the Owner Trustee.

(d) If at any time:

(i) the Indenture Trustee shall cease to be eligible under Section 710 hereof and shall fail to resign after written request therefor by the Owner Trustee,

acting after consultation with the Lessee, or by any Holder, or

(ii) the Indenture Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Owner Trustee, acting after consultation with the Lessee, may remove the Indenture Trustee or (B) any Holder who has been a bona fide Holder for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Owner Trustee, acting after consultation with the Lessee, shall promptly appoint a successor Indenture Trustee. If, within one year after such resignation or removal or the occurrence of such vacancy or incapability, a successor Indenture Trustee shall be appointed by Act of the Holders of a majority in principal amount of Certificates Outstanding, delivered to the Owner Trustee and the retiring Indenture Trustee, the successor Indenture Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Owner Trustee. If no successor Indenture Trustee shall have been so appointed by the Owner Trustee or the Holders and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(f) The Indenture Trustee shall give notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee by mailing written notice of such event to all Holders. Each notice shall include the name of the successor Indenture Trustee and the address of its office for purposes of Section 103 hereof.

SECTION 712. Acceptance of Appointment by Successor. Every successor Indenture Trustee appointed hereunder shall execute, acknowledge and deliver to the Owner Trustee and the retiring Indenture Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Indenture Trustee shall become effective and such successor Indenture Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Indenture Trustee; but, on request of the Owner Trustee, the Lessee or the successor Indenture Trustee, such retiring Indenture Trustee shall upon payment of its charges (or the making of due provision satisfactory to it therefor) execute and deliver an instrument conveying and transferring to such successor Indenture Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Indenture Trustee, and shall duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such retiring Indenture Trustee hereunder. Upon request of any such successor Indenture Trustee, such retiring Indenture Trustee and the Owner Trustee shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such estates, properties, rights, powers and trusts.

No successor Indenture Trustee shall accept its appointment unless at the time of such acceptance such Indenture Trustee shall be eligible under this Article.

SECTION 713. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, shall be the successor to the Indenture Trustee hereunder, provided such corporation shall be otherwise eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

SECTION 714. Appointment of Co-Indenture Trustees and Separate Indenture Trustees. Whenever the Indenture Trustee shall deem it necessary or prudent in order to conform to any law of any jurisdiction in which all or any part of the Indenture Estate shall be situated, or the Indenture Trustee shall be advised by counsel, satisfactory to it,

that it is so necessary or prudent in the interest of the Holders or in the event that the Indenture Trustee shall have been requested to do so by the Holders of a majority in aggregate principal amount of Certificates Outstanding, the Indenture Trustee and the Owner Trustee shall execute and deliver a supplemental indenture hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company, or one or more Persons approved by the Indenture Trustee and the Owner Trustee, either to act as separate indenture trustee or separate indenture trustees of all or any part of the Indenture Estate, jointly with the Indenture Trustee, or to act as co-indenture trustee or co-indenture trustees of all or any part of the Indenture Estate, in any such case with such powers as may be provided in such indenture supplemental hereto, and to vest in such bank, trust company or Person as such co-indenture trustee or separate indenture trustee, as the case may be, any property, title, right or power of the Indenture Trustee deemed necessary or advisable by the Indenture Trustee, subject to the remaining provisions of this Section 714. In the event the Owner Trustee shall not have joined in the execution of such indenture supplemental hereto within 10 days after the receipt of a written request from the Indenture Trustee so to do, or in case an Indenture Event of Default shall occur and be continuing, the Indenture Trustee may act under the foregoing provisions of this Section 714 without the concurrence of the Owner Trustee; and the Owner Trustee hereby appoints the Indenture Trustee its agent and attorney to act for it under the foregoing provisions of this Section 714 in either of such contingencies. The Indenture Trustee may execute, deliver and perform any deed, conveyance, assignment or other instrument in writing as may be required by any co-indenture trustee or separate indenture trustee for more fully and certainly vesting in and confirming to it or him any property, title, right or powers which by the terms of such indenture supplemental hereto are expressed to be conveyed or conferred to or upon such co-indenture trustee or separate indenture trustee, and the Owner Trustee shall, upon the Indenture Trustee's request, join therein and execute, acknowledge and deliver the same; and the Owner Trustee hereby makes, constitutes and appoints the Indenture Trustee its agent and attorney-in-fact for it and in its name, place and stead to execute, acknowledge and deliver any such deed, conveyance, assignment or other instrument in the event that the Owner Trustee shall not execute and deliver the same within ten days after receipt by it of such request so to do.

Every co-indenture trustee and separate indenture trustee hereunder shall, to the extent permitted by law, be appointed and act, and the Indenture Trustee shall act, subject to the following provisions and conditions:

(1) the Certificates shall be authenticated by the Indenture Trustee and all powers, duties, obligations and rights conferred upon the Indenture Trustee in respect of the receipt, custody, investment and payment of moneys shall be exercised solely by the Indenture Trustee;

(2) all other rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such co-indenture trustee or co-indenture trustees and separate indenture trustee or separate indenture trustees jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Indenture Estate in any such jurisdiction) shall be exercised and performed by such co-indenture trustee or co-indenture trustees or separate indenture trustee or separate indenture trustees;

(3) no power hereby given to, or with respect to which it is hereby provided may be exercised by, any such co-indenture trustee or separate indenture trustee shall be exercised hereunder by such co-indenture trustee or separate indenture trustee except jointly with, or with the consent of, the Indenture Trustee, anything herein to the contrary notwithstanding; and

(4) no indenture trustee hereunder shall be personally liable by reason of any act or omission of any other indenture trustee hereunder.

If at any time the Indenture Trustee shall deem it no longer necessary or prudent in order to conform to any such law or shall be advised by such counsel, satisfactory to it, that it is no longer so necessary or prudent in the interest of the Holders or in the event that the Indenture Trustee shall have been requested to do so in writing by the Holders of a majority in aggregate principal amount of Certificates Outstanding, the Indenture Trustee and the

Owner Trustee shall execute and deliver an indenture supplemental hereto and all other instruments and agreements necessary or proper to remove any co-indenture trustee or separate indenture trustee. In the event that the Owner Trustee shall not have joined in the execution of such indenture supplemental hereto, instruments and agreements, the Indenture Trustee may act on behalf of the Owner Trustee to the same extent provided above.

Any co-indenture trustee or separate indenture trustee may at any time by an instrument in writing constitute the Indenture Trustee its agent or attorney-in-fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretions which it is authorized or permitted to do or exercise, for and on its behalf and in its name. In case any such co-indenture trustee or separate indenture trustee shall die, become incapable of acting, resign or be removed, all the assets, property, rights, powers, trusts, duties and obligations of such co-indenture trustee or separate indenture trustee, as the case may be, so far as permitted by law, shall vest in and be exercised by the Indenture Trustee, without the appointment of a new successor to such co-indenture trustee or separate indenture trustee unless and until a successor is appointed in the manner herein before provided.

Any request, approval or consent in writing by the Indenture Trustee to any co-indenture trustee or separate indenture trustee shall be sufficient to warrant to such co-indenture trustee or separate indenture trustee, as the case may be, to take such action as may be so requested, approved or consented to.

Each co-indenture trustee and separate indenture trustee appointed pursuant to this Section shall be subject to, and shall have the benefit of, Article VII hereof; provided, however, no resignation of an additional or separate indenture trustee pursuant to this Section 714 shall be conditioned in any sense whatever upon the appointment of a successor to such indenture trustee.

SECTION 715. Action in Respect of Release of Property Included in the Indenture Estate Upon Partial Termination of Lease. Upon any sale or transfer of any Locomotive, or upon the termination of the Lease or otherwise pursuant to Section 2(e), 11 or 12 thereof, the Indenture Trustee shall, upon the written request of the Owner Trustee, execute and deliver to, or as directed in

writing by, the Owner Trustee (a) an appropriate instrument releasing such Locomotive from the Lien of this Indenture and (b) an appropriate instrument releasing the Lease and the Participation Agreement in each case with respect to such Locomotive from the assignment and pledge thereof hereunder, but only if the Indenture Trustee shall have received the redemption price of the Certificates to be redeemed upon such sale or transfer.

SECTION 716. Taxes; Withholding; Information Reporting. The Indenture Trustee shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due hereunder or under the Certificates any and all withholding taxes applicable thereto as required by law. The Indenture Trustee agrees to act as such withholding agent and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Certificates, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Holders of the Certificates, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each Holder of a Certificate appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Holders may reasonably request from time to time. The Indenture Trustee agrees to file any other information reports as it may be required to file under United States law.

SECTION 717. Office for Payments. So long as any of the Certificates remain Outstanding, the Indenture Trustee will maintain an office or agency where the Certificates may be presented for payment.

ARTICLE VIII

Supplemental Indentures

SECTION 801. Supplemental Indentures Without Consent of Holders. The Owner Trustee and the Indenture Trustee, at any time and from time to time, without the consent of any Holder, may enter into one or more supplemental indentures hereto, in form satisfactory to the Indenture Trustee, for the following purposes:

(a) to correct or amplify the description of any property at any time subject to the Lien of this Indenture (including, without limitation, upon compliance with Section 403 hereof, pursuant to an Assumption Event) or to subject additional property to the Lien of this Indenture or to subject Replacement Locomotives to the Lien of this Indenture; or

(b) to add to the covenants of the Owner Trustee for the benefit of the Holders, or to surrender any right or power herein conferred upon the Owner Trustee; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture, provided such action shall not adversely affect the interests of the Holders; or

(d) to add, eliminate or change any provision hereunder so long as such action shall not adversely affect the interest of the Holders; or

(e) to evidence the succession of a successor Owner Trustee to the Owner Trustee in accordance with the Trust Agreement, and the assumption by such successor of the covenants of the Owner Trustee herein and in the Certificates contained; or

(f) to provide for the appointment of any successor Indenture Trustee or co-indenture trustee or separate trustee hereunder, in accordance with Article VII hereof.

The Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be contained therein and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder, but the Indenture Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise, whether in its official or individual capacity.

SECTION 802. Supplemental Indentures with Consent of Holders. With the consent of the Holders of at least a majority in aggregate principal amount of Certificates Outstanding by Act of said Holders delivered to the Owner Trustee and the Indenture Trustee, the Owner Trustee may, and the Indenture Trustee shall, enter into a supplemental indenture or indentures hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of each Holder affected thereby:

(a) change the date specified for the payment of the principal of, or any installment of interest on, any Certificate, or reduce the principal amount thereof or the interest thereon or any Premium payable upon the redemption thereof, or change the place of payment where, or the coin or currency in which, the principal of, or Premium or interest on, any Certificate is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(b) create any security interest with respect to the Indenture Estate other than the security interest created by this Indenture, or deprive any Holder of any Certificates Outstanding of the Lien of this Indenture on the Indenture Estate, except as expressly permitted herein, or

(c) reduce the percentage in aggregate principal amount of the Certificates Outstanding the consent of the Holders of which is required for any supplemental indenture, or the consent of the Holders of which is required for any waiver (of compliance with certain provisions of this Indenture or of certain defaults hereunder and their consequences) provided for in this Indenture, or

(d) modify any of the provisions of this Section or Section 612, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Certificate affected thereby.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 803. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, and (subject to Section 702 hereof) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 804. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Certificates theretofore or thereafter issued and delivered hereunder shall be bound thereby.

SECTION 805. Intentionally Omitted.

SECTION 806. Reference in Certificates to Supplemental Indentures. Certificates authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and if required by the Indenture Trustee shall, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such supplemental indenture. If the Owner Trustee shall so determine, new Certificates so modified as to conform, in the opinion of the Indenture Trustee and the Owner Trustee, to any such supplemental indenture may be prepared and executed by the Owner Trustee and authenticated and delivered by the Indenture Trustee in exchange for Certificates Outstanding.

SECTION 807. No Request Necessary for Lease and Indenture Supplement. Notwithstanding anything contained in Section 802 hereof, no written request or consent of the Indenture Trustee, any Holder or the Owner Participant pursuant to Section 802 hereof shall be required to enable

the Owner Trustee to execute and deliver a Lease and Indenture Supplement pursuant to the terms of the Lease.

ARTICLE IX

Covenants

The Owner Trustee hereby covenants and warrants as follows:

SECTION 901. To Pay Principal Amount and Interest. Subject to Section 109 hereof, the Owner Trustee will duly and punctually pay or cause to be paid the principal amount of and Premium, if any, and interest on all Certificates Outstanding, according to the terms thereof and hereof.

SECTION 902. To Take All Action in Further Assurance. The Owner Trustee will from time to time do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, conveyances, transfers and assurances, as the Indenture Trustee shall reasonably require for better assuring, conveying, transferring, assigning and confirming the Indenture Estate unto the Indenture Trustee or as in the opinion of counsel for the Indenture Trustee may be required more effectively to subject the Indenture Estate to the Lien of this Indenture as security for, and for the benefit and protection of, the Certificates.

SECTION 903. Notice to Indenture Trustee of Default. Immediately upon a Responsible Officer in the Corporate Trust Administration department of the Owner Trustee having actual knowledge of the occurrence of an Indenture Default or an Indenture Event of Default, then, unless such Indenture Default or Indenture Event of Default shall have been cured or waived, the Owner Trustee shall notify the Indenture Trustee and each Holder of such occurrence in writing setting forth in reasonable detail the circumstances actually known to the Owner Trustee surrounding such Indenture Default or Indenture Event of Default and what action the Owner Trustee proposes to take with respect thereto.

SECTION 904. Restrictions on Transfer of Indenture Estate. The Owner Trustee shall not convey, transfer, assign or lease the Indenture Estate, or any part thereof,

to any Person except as permitted by the Operative Documents.

SECTION 905. Payments to Indenture Trustee. The Owner Trustee hereby directs the Lessee to make all payments to be made by it under the Lease, to the extent such payments do not constitute Excepted Property, to the Indenture Trustee until the Certificates and all other amounts due hereunder have been paid or otherwise discharged in full. The Owner Trustee agrees that should it receive any such payments or any proceeds of the Indenture Estate (excluding, however, any payments or amounts which have been distributed to the Owner Trustee or the Owner Participant by the Indenture Trustee in accordance with the provisions of this Indenture), it shall promptly forward such payments or proceeds to the Indenture Trustee or in accordance with the Indenture Trustee's instructions. The Indenture Trustee agrees to apply such amounts in accordance with Article X.

SECTION 906. Indenture Trustee as the Attorney-In-Fact for Owner Trustee. The Owner Trustee hereby irrevocably appoints the Indenture Trustee its attorney-in-fact for it, and in its name, place and stead, to perform, or cause to be performed, any of its obligations under this Article IX.

SECTION 907. Amendments, Waivers, Etc. of Other Documents. (a) Without the consent of the Holders of a majority in aggregate principal amount of Certificates Outstanding by Act of said Holders delivered to the Indenture Trustee, the Owner Trustee will not modify, amend, supplement or waive any provision of the Lease, any other Indenture Estate Document or the Trust Agreement, or give any consent, waiver or authorization thereunder, except to the extent provided in the definition of Excepted Rights; provided, however, that the Owner Trustee may modify, amend, supplement or waive or consent to the modification, amendment, supplement or waiver of any provision of any of the above named documents if the effect thereof is only

(i) to correct or supplement any defective or inconsistent provision therein in any manner which will not adversely affect the interest of the Holders; or

(ii) to protect or preserve the security interest created by this Indenture or the ownership interest of the Owner Trustee (subject to the Lien of this Indenture), if in the reasonable judgment of the Indenture Trustee it would be unwise to delay the effectiveness

thereof for the period required to obtain the consent of the Holders; or

(iii) to cure any ambiguity or to add or modify any other provision in any of said documents in any manner which will not adversely affect the interests of the Holders.

Promptly after the execution and delivery thereof, the Owner Trustee will provide or cause to be provided to the Indenture Trustee executed or true and correct copies of any modification, amendment, supplement, waiver, consent or authorization executed and delivered pursuant to this subsection (a) with the consent of the Holders of a majority in aggregate principal amount of Certificates Outstanding.

(b) Notwithstanding any provision of this Indenture to the contrary, without the consent of each Holder affected thereby, the Owner Trustee will not modify, amend, supplement or waive any provision of, or give any consent, waiver or authorization under, and the Indenture Trustee will not, except to the extent provided in the definition of Excepted Rights, consent to the modification, amendment, supplement or waiver of the Lease, the Trust Agreement, or the Participation Agreement if (i) the effect thereof is to reduce the amount or extend the time of payment of Interim Rent, Basic Rent or Supplemental Rent payable under the Lease, except any adjustment pursuant to paragraphs (e), (f) and (g) of Section 9 of the Lease (subject to paragraph (h) of said Section 9) or (ii) any such modification, amendment, supplement or waiver would have a material adverse effect on the rights or interest of the Holders.

(c) Upon receipt of a certificate of the Owner Trustee signed by a Responsible Officer thereof, and an Opinion of Counsel to the Owner Trustee, to the effect that a modification, amendment, supplement, consent, waiver or authorization is permitted by this Section 907, the Indenture Trustee shall evidence its consent thereto and the Indenture Trustee may conclusively rely, and shall be fully protected in relying, upon such certificate and Opinion of Counsel.

(d) Without the consent of the Holders of 100% of the aggregate principal amount of Certificates Outstanding, the Indenture Trustee will not consent to an assignment of the Lease pursuant to Section 13(a) thereof.

SECTION 908. Keeping of Books. The Owner Trustee will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the Certificates, the Locomotives, the Lease and the other Operative Documents and the properties, business and affairs of the Owner Trustee in accordance with generally accepted accounting principles. The Owner Trustee will furnish to the Indenture Trustee any and all information as the Indenture Trustee may reasonably request with respect to the performance by the Owner Trustee of its covenants in this Indenture.

SECTION 909. Disposition of Locomotives; Assignment of Lease. Without the consent of the Holders of a majority in aggregate principal amount of Certificates Outstanding by Act of said Holders delivered to the Indenture Trustee, but subject to the provisions of Section 10 of the Trust Agreement regarding successor Owner Trustees, the Owner Trustee will not sell, transfer, mortgage or lease any Locomotive, or assign the Lease or otherwise encumber or dispose of the Lease, any Locomotive or any interest in either thereof, except for a sale of such Locomotive as expressly provided for in the Lease.

ARTICLE X

Receipt, Distribution and Application of Funds

SECTION 1001. Distribution of Interim Rent, Basic Rent and Certain Other Amounts in Absence of Indenture Event of Default. Except as otherwise provided in Sections 1002, 1003 and 1006 hereof, each installment of Interim Rent, Basic Rent and any payment of interest on any installment of Basic Rent which is not paid when due, and any payment received by the Indenture Trustee pursuant to Section 1203 hereof, received by the Indenture Trustee in respect of any Payment Date shall be distributed by the Indenture Trustee on the date payment thereof is due (or as soon thereafter as such payment shall be received by the Indenture Trustee) in the following order of priority:

First, to the payment of principal of and interest on the Certificates (including any interest on overdue principal and, to the extent permitted by Applicable Law, on overdue interest due on the Certificates) due and payable on such Payment Date; and

Second, the balance, if any, of such payment remaining thereafter shall be distributed, concurrently with any distributions pursuant to clause First hereof, to the Owner Trustee.

SECTION 1002. Application of Payments Upon Redemption. Except as otherwise provided in Sections 1003 and 1006, any payments, proceeds or other amounts received by the Indenture Trustee in connection with any redemption pursuant to Section 401, shall in each case be distributed on the applicable Redemption Date by the Indenture Trustee in the following order of priority:

First, to redeem all of the Certificates Outstanding in an amount equal to the unpaid principal amount thereof, plus accrued unpaid interest thereon to such Redemption Date and Premium, if any, thereon as at such Redemption Date or, if less than 100% of the unpaid principal amount of all the Outstanding Certificates is to be redeemed on such Redemption Date, in accordance with the determination of the Indenture Trustee pursuant to Section 402(e), including any allocations made by the Indenture Trustee thereunder;

Second, to reimburse the Indenture Trustee for any expenses not reimbursed by the Lessee in connection with the collection or distribution of such payment; and

Third, the balance, if any, of such payment remaining thereafter shall be distributed to the Owner Trustee.

SECTION 1003. Payments During Continuance of Indenture Event of Default. For so long as an Indenture Event of Default shall have occurred and be continuing, moneys held by the Indenture Trustee shall be distributed by the Indenture Trustee in the following order of priority:

First, to reimburse the Indenture Trustee for any fee, expense or other loss incurred by the Indenture Trustee in connection with its duties as Indenture Trustee (to the extent not previously reimbursed), and any compensation due and owing to the Indenture Trustee;

Second, to reimburse the Holders of the Certificates for payments made by such Holders or their predecessors in interest to the Indenture Trustee pursuant

to Sections 609(c) and 704(e) (to the extent not previously reimbursed) ratably, without priority of one over the other, and to pay to the Holders of the Certificates all other amounts (other than principal and interest on the Certificates) payable to them pursuant to the Participation Agreement, the Lease or any other Operative Document;

Third, to pay in full the aggregate unpaid principal amount of all Certificates Outstanding then due and payable (whether by declaration of acceleration or otherwise), plus the accrued and unpaid interest thereon (including any interest on overdue principal and, to the extent permitted by Applicable Law, interest on overdue interest due on the Certificates) to the date of payment, to the Holders of such Certificates, ratably, without priority of one over the other;

Fourth, to reimburse the Owner Trustee for any expense or other loss incurred by the Owner Trustee in connection with its duties as Owner Trustee; and

Fifth, the balance, if any, shall be distributed to the Owner Trustee.

SECTION 1004. Application as Directed by Other Agreements. Except as otherwise provided in this Article, any payments received by the Indenture Trustee, provision for the application of which is made in the Lease or any other Operative Document, shall be applied to the purpose for which such payment was made in accordance with the terms of the Lease or such other Operative Document, as the case may be.

SECTION 1005. Application in Absence of Direction. Except as otherwise provided in this Article:

(a) any payments received by the Indenture Trustee for which no provision as to the application thereof is made in the Lease or any other Operative Document, and

(b) any payments received by the Indenture Trustee under the Lease or any other Operative Document, or otherwise, with respect to any Locomotive after payment and performance in full of the Certificates, as well as any amounts or moneys then held or thereafter received by the Indenture Trustee,

shall be distributed by the Indenture Trustee in the following order of priority:

First, in the manner provided in clause First of Section 1003;

Second, in the manner provided in clause Fourth of Section 1003; and

Third, in the manner provided in clause Fifth of Section 1003.

SECTION 1006. Application of Excepted Property. Notwithstanding anything to the contrary contained herein, Excepted Property is not a part of the Indenture Estate and any Excepted Property received by the Indenture Trustee shall be paid or delivered promptly by the Indenture Trustee to the Person to whom such Excepted Property is payable or deliverable, whether or not an Indenture Event of Default has occurred.

SECTION 1007. Distribution of Certain Funds; Reimbursement of Lessee. (a) All amounts that are to be distributed by the Indenture Trustee to the Owner Trustee pursuant to this Article shall, unless otherwise directed by an Owner Trustee Request, be so distributed to the Owner Trustee as indicated in Schedule 2 to the Participation Agreement in funds of the type furnished to the Indenture Trustee. Notwithstanding the foregoing or any other provision in this Indenture to the contrary, the Indenture Trustee will pay, unless otherwise requested by the Owner Participant by written notice to the Indenture Trustee, all amounts payable to the Owner Trustee or a nominee thereof (including all amounts distributed pursuant to this Article) to the Owner Participant either (a) by crediting the amount to be distributed to the account maintained by the Owner Participant with the Indenture Trustee or by transferring by wire such amount to such other bank in the United States, including a Federal Reserve Bank, as shall have been specified in such written notice to the Indenture Trustee, to the extent such funds are so available for immediate credit to the account of the Owner Participant maintained at such bank, or (b) by mailing a check payable in funds which are clearing house funds to the Owner Participant at such address as the Owner Participant shall have specified in such written notice to the Indenture Trustee. For purposes of the preceding sentence, the payment instructions for the Owner Participant set forth in Schedule 2 to the Participation Agreement shall be deemed to constitute such written

notice by the Owner Participant to the Indenture Trustee, unless and until the Owner Participant shall otherwise notify the Indenture Trustee. Distributions by the Indenture Trustee pursuant to this Section shall be made on the date that payment is received therefor to the extent such funds are available to do so by the Indenture Trustee, provided that if any such payment is received by the Indenture Trustee after 1:00 p.m. local time, the Indenture Trustee shall, if it is impracticable to distribute such payment on the date of receipt, be permitted to distribute such payment on the next succeeding Business Day.

(b) Notwithstanding the provisions of subsection (a) above, in the case of any payment due from Lessee to the Owner Trustee or the Owner Participant which is distributable to the Owner Trustee pursuant to the terms of this Indenture, the Indenture Trustee shall, so long as no Indenture Event of Default of which a Responsible Officer of the Indenture Trustee has actual knowledge shall have occurred and be continuing, pay to the Lessee the Reimbursement Amount, if any, specified by the Lessee to the Indenture Trustee (as set forth in an Officer's Certificate of the Lessee delivered to the Indenture Trustee and the Owner Trustee) to the extent of such amount distributable to the Owner Trustee, but not any amounts distributable to the Indenture Trustee in its individual capacity or to the Holders.

SECTION 1008. Priority of Applications with Respect to Principal, Premium and Interest. All payments in respect of principal of, and Premium, if any, and interest on, the Certificates shall be applied, first to the payment of interest and then the remainder, if any, to the payment of principal and any Premium on such Certificates.

SECTION 1009. Distributions Withheld from the Owner Trustee. Anything in this Article to the contrary notwithstanding other than Section 1006, after the Indenture Trustee shall have knowledge of an Indenture Default (resulting from a failure to pay money due) or an Indenture Event of Default, all payments which, but for the provisions of this Section, would otherwise be distributable to the Owner Trustee shall be held by the Indenture Trustee as part of the Indenture Estate, and may be distributed in accordance with clauses First, Second and Third of Section 1003 hereof; provided, however that (a) if such Indenture Default or Indenture Event of Default shall cease to be continuing prior to the time such amounts may become distributable pursuant to Section 1003 hereof or (b) if such amounts shall

have been retained by the Indenture Trustee for more than six months and the Indenture Trustee shall neither (i) have declared the unpaid principal amount of all Certificates to be immediately due and payable pursuant to Section 602 hereof nor (ii) have commenced the exercise of remedies under the Lease, such amounts shall be distributable as elsewhere in this Article provided.

Section 1010. Investment of Amounts Held by the Indenture Trustee. Any amounts held by the Indenture Trustee pursuant to Sections 1009 or 1011, the fourth sentence of Section 1203 or any other provision of any other Operative Document providing for investment of sums pursuant to this Section 1010 shall be held by the Indenture Trustee hereunder as part of the Indenture Estate and invested and reinvested by the Indenture Trustee in such Permitted Investments as shall have been selected by the Lessee. Any income realized as a result of any such investment, net of the Indenture Trustee's reasonable fees and expenses in making such investment, shall be held and applied by the Indenture Trustee in the same manner as the principal amount of such investment is to be applied and any losses, net of earnings and such reasonable fees and expenses, shall be charged against the principal amount invested. The Indenture Trustee shall not be liable for any loss resulting from any investment required to be made by it under this Indenture other than by reason of its willful misconduct or negligence, and any such investment may be sold (without regard to its maturity) by the Indenture Trustee without instructions from any Holder whenever the Indenture Trustee reasonably believes such sale is necessary to make a distribution required by this Indenture.

SECTION 1011. Payment upon Purchase of any Locomotives. Promptly upon receipt of the proceeds from the sale of the Certificates, the Owner Trustee shall deposit such proceeds with the Indenture Trustee. On the Closing Date, subject to fulfillment to the satisfaction of or waiver by the Indenture Trustee of all conditions specified in Section 5 of the Participation Agreement as originally executed, the Indenture Trustee, on behalf of the Holders, shall release to the Owner Trustee an amount equal to the Holders' Commitment in respect of the Locomotives to be purchased on the Closing Date pursuant to Section 4(c) of the Participation Agreement.

ARTICLE XI

Use of Indenture Estate

SECTION 1101. Possession, Etc. by Owner Trustee; Dispositions Without Release. Subject to the Granting Clauses and the provisions of this Article XI and of the Lease, the Owner Trustee shall be suffered and permitted to possess, lease, use, manage, operate and enjoy the Indenture Estate (other than any cash and securities constituting part of the Indenture Estate and deposited with the Indenture Trustee) and to collect, receive, use, invest and dispose of the rents, issues, tolls, profits, revenues and other income from the Indenture Estate and to deal with, exercise any and all rights under, receive and enforce performance under, and adjust and settle all matters relating to current performance of, choses in action, leases and contracts relating to the Indenture Estate. In addition to and notwithstanding the foregoing, the Owner Trustee and the Lessee shall be suffered and permitted, freely and without hindrance on the part of the Indenture Trustee or of the Holders, to maintain, improve, alter, repair and modify (and to permit any maintenance, improvement, alteration, repair or modification of) the Locomotives or any part thereof and to replace (or permit the replacement of) any part of any Locomotives, provided that such maintenance, improvement, alterations, repair, modification or replacement shall be made in accordance with the provisions of the Lease.

Notwithstanding the foregoing, nothing contained herein shall be deemed to affect the right, title and interest of the Lessee in and to any Severable Improvement, the title to which is in the Lessee and is therefore not a part of the Indenture Estate.

The Indenture Trustee shall, from time to time, execute a written instrument to confirm any action taken by the Owner Trustee or the Lessee under this Section, upon receipt by the Indenture Trustee of (i) an Owner Trustee Request requesting the same, (ii) an Officer's Certificate of the Owner Trustee or the Lessee stating that said action was duly taken in conformity with this Section and (iii) an Opinion of Counsel of the Owner Trustee or the Lessee, as the case may be, stating that said action was duly taken by or on behalf of the Owner Trustee or the Lessee, as the case may be, in conformity with this Section and that the execution of such written instrument is appropriate to confirm such action under this Section.

SECTION 1102. Powers Exercisable Notwithstanding Default. While in possession of the Indenture Estate (other than any cash and securities constituting part of the Indenture Estate deposited with the Indenture Trustee), the Owner Trustee may exercise the powers conferred upon it in the Sections of this Article even though it is prohibited from doing so while an Indenture Event of Default exists as provided herein, if the Indenture Trustee in its discretion, or the Holders of not less than a majority in principal amount of the Certificates Outstanding by Act of such Holders, shall consent to such action, in which event none of the instruments required to be furnished to the Indenture Trustee under any of such Sections as a condition to the exercise of such powers need state that no Indenture Event of Default exists as provided therein.

SECTION 1103. Purchaser Protected. No purchaser in good faith of property purporting to be released herefrom shall be bound to ascertain the authority of the Indenture Trustee to execute a release or to inquire as to the existence of any conditions herein prescribed for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Article to be sold or otherwise disposed of by the Owner Trustee be under any obligation to ascertain or inquire into the authority of the Owner Trustee to make any such sale or other disposition. Any release executed by the Indenture Trustee under this Article shall be sufficient for the purpose of this Indenture and shall constitute a good and valid release of the property therein described from the Lien hereof.

ARTICLE XII

Rights of the Owner Trustee and the Owner Participant

SECTION 1201. Certain Rights of Owner Trustee and Owner Participant. Notwithstanding any other provision of this Indenture, including the Granting Clause, the following rights (the "Excepted Rights") shall be reserved to the Owner Trustee or the Owner Participant, as the case may be (as separate and independent rights), to the extent described herein:

(a) at all times and whether or not an Indenture Event of Default has occurred and is continuing, the Owner Trustee shall have the right, together with the Indenture Trustee, (i) to receive from the Lessee all

notices, certificates, reports, filings, opinions of counsel and other documents and all information which the Lessee is permitted or required to give or furnish to the Owner Trustee or the Lessor pursuant to the Participation Agreement or any Indenture Estate Document, (ii) to inspect the Locomotives to the extent provided in Section 6 of the Lease, (iii) so long as the exercise of the following rights do not materially and adversely affect the Indenture Trustee, to retain all rights together with the Indenture Trustee (waiver, consent or approval of both being required except in the case of Section 19 of the Lease referred to below), including the giving of any waiver, consent or approval, that Sections 5, 8, 10, 13, 17 and 19 of the Lease confer upon the Owner Trustee or the Owner Participant, as the case may be, and (iv) to provide such insurance as the Lessee shall have failed to maintain;

(b) so long as no Indenture Event of Default shall have occurred and be continuing, the Owner Trustee shall have the right (i) to the exclusion of the Indenture Trustee, (A) except as specified in clause (ii) below, to exercise the rights, elections and options of the Lessor to make any decision or determination and to give any notice, consent, waiver or approval as may be requested under the Lease, (B) to exercise all rights and duties of the Lessor under Sections 2, 9(e), 9(f), 12 and 21 of the Lease, and (C) to approve as satisfactory any accountants, engineers or counsel to render services for or issue opinions to the Owner Trustee pursuant to express provisions of the Operative Documents and to execute its rights under the Appraisal Procedure and (ii) together with the Indenture Trustee, and to retain the right to require the Lessee to take any action and execute and deliver such documents and assurances as the "Lessor" may from time to time reasonably request pursuant to Section 17 of the Lease;

(c) the Owner Trustee shall have the right, as the Lessor, to seek specific performance of the covenants of the Lessee;

(d) at all times and whether or not an Indenture Event of Default has occurred and is continuing, each of the Owner Trustee (as Owner Trustee and as the Lessor) and the Owner Participant shall have the right, to the exclusion of the Indenture Trustee, (i) to

execute supplements to the Lease in connection with any adjustment of Rent pursuant to Section 9(e) or (f) of the Lease, and (iii) to demand, collect, sue for or otherwise receive and enforce the payment of Excepted Property due and payable to it or damages in respect of the breach of any covenant to pay Excepted Property; and

(e) at all times the consent of the Owner Trustee (with the consent of the Owner Participant) shall be required to amend, modify or supplement, directly or indirectly, Sections 1 (if any modification of a definition contained therein would result in a modification of the Lease not permitted by this clause (e)), 2, 3, 5, 7(d), 8, 9, 10, 11, 16 or 23(j) of the Lease, or any other section of the Lease (to the extent any amendment or supplement to, or modification of, any such other section would, directly or indirectly, affect the amount or timing of any amounts payable by the Lessee under the Lease (as such Lease may have been modified with the consent of the Owner Trustee) which amounts, absent the occurrence and continuance of an Indenture Event of Default, will be distributable to the Owner Trustee hereunder).

SECTION 1202. Owner Participant's Right to Elect to Redeem the Certificates, and to Provide for Payment. (a) At any time when an Event of Default under the Lease has occurred and has continued for at least 180 consecutive days and no Indenture Event of Default (that is not or does not result from an Event of Default under the Lease) has occurred and is continuing and the Certificates shall not have become due and payable as provided for in Section 602(b) or Section 602(c), the Owner Trustee may (but shall have no obligation to), by notice (which notice shall be, and shall be stated to be, irrevocable and shall specify the Redemption Date, which shall be not less than 45 or more than 60 days subsequent to the effective date of such notice) to the Indenture Trustee, direct the Indenture Trustee to redeem all the Outstanding Certificates on such Redemption Date. The aggregate redemption price in respect of a redemption pursuant to this Section 1202(a) shall be 100% of the unpaid principal amount of all the Outstanding Certificates, plus accrued and unpaid interest (including interest at the per annum rate set forth on the face of each Certificate plus 1% on any amounts of overdue principal and, to the extent permitted by Applicable Law, interest) thereon to such Redemption Date, but without premium. The Indenture Trustee shall notify each Holder of such redemption as pro-

vided for in Section 402(b), and the Owner Trustee shall deposit the aggregate redemption price of all Outstanding Certificates with the Indenture Trustee as provided for in Section 404.

(b) At any time while the Certificates shall have become due and payable as provided in Section 602(b) or 602(c), the Owner Participant may, but shall be under no obligation to, direct the Owner Trustee to pay to the Indenture Trustee for distribution in the manner provided for in Section 1003 hereof an amount equal to the aggregate unpaid principal amount of all Outstanding Certificates, plus all accrued but unpaid interest thereon and all other amounts due thereunder pursuant to clause Third of Section 1003 to the date of such payment, but without premium, plus the amount required to reimburse the Indenture Trustee and the Holders as described in clauses First and Second of Section 1003 hereof. The Owner Trustee shall give written notice of such payment to the Indenture Trustee, which notice, in order to be effective, shall state that it is irrevocable and shall designate a date not more than fourteen days thereafter as the payment date. The Indenture Trustee shall promptly notify each Holder of an Outstanding Certificate of such payment. Upon such payment by the Owner Trustee to the Indenture Trustee, the Certificates shall cease to accrue interest thereafter, and the Indenture Trustee shall, after making the distributions provided for in clauses First, Second and Third of Section 1003 or providing therefor, release the Indenture Estate from the Lien of this Indenture.

(c) From and after the deposit by the Owner Trustee of the applicable amount with the Indenture Trustee pursuant to Section 1202(a) or the payment by the Owner Trustee of the amount specified in Section 1202(b), the Owner Trustee shall be entitled to exercise all remedies of the Indenture Trustee under Article VI hereof as well as of the Lessor under the Lease.

SECTION 1203. Certain Rights of Owner Participant. In the event of any default by the Lessee in the payment of Basic Rent due under the Lease, the Owner Participant may (but shall have no obligation to), without the consent or concurrence of any Holder, direct the Owner Trustee to pay, in the manner provided in Section 901 hereof, no more than 15 days after such default becomes an Event of Default under the Lease, for application in accordance with Section 1001, a sum equal to the amount of all (but not less than all) such overdue Basic Rent, which

shall, in any event, be sufficient to pay all such principal and interest as shall then (without regard to any acceleration pursuant to Section 602(b) or (c)) be due and payable in respect of the Certificates. In the event of any default by the Lessee in any obligation under the Lease other than the payment of Basic Rent, which constitutes an Event of Default under the Lease, if such default can be remedied by the payment of money (it being understood that defaults requiring action such as the obtaining of insurance and the procuring of maintenance services can be so remedied) and the Owner Trustee shall have been furnished by the Owner Participant with all funds necessary for remedying such Event of Default under the Lease, the Owner Participant may, no more than 10 days after notice of such Event of Default under the Lease, without the consent or concurrence of any Holder, direct the Owner Trustee to exercise the Lessor's rights under Section 21 of the Lease to perform such obligation on behalf of the Lessee. Solely for the purpose of determining whether there exists an Indenture Default, (a) any timely payment by the Owner Trustee pursuant to, and in compliance with, the first sentence of this Section 1203 shall be deemed to remedy (but solely for purposes of this Indenture) any default by the Lessee in the payment of installments of Basic Rent theretofore due and payable and to remedy any default by the Owner Trustee in the payment of any amount due and payable under the Certificates or hereunder, and (b) any timely performance by the Owner Trustee of any obligation of the Lessee under the Lease pursuant to, and in compliance with, the second sentence of this Section 1203 shall be deemed to remedy (but solely for purposes of this Indenture) any default by the Lessee under the Lease to the same extent that like performance by the Lessee itself would have remedied such default (but the same shall not relieve the Lessee of its duty to pay all Rent and perform all of its obligations pursuant to the Lease). If, on the basis specified in the preceding sentence, any Events of Default under the Lease shall have been remedied, then any declaration pursuant to Section 14 of the Lease that the Lease is in default, and any declaration pursuant to this Indenture that the Certificates are due and payable or that an Indenture Event of Default or an Indenture Default exists hereunder, based upon such Events of Default under the Lease, shall be deemed to be rescinded, and the Owner Trustee or the Owner Participant, as the case may be, shall (to the extent of any such payments made by it) be subrogated to all the rights of the Indenture Trustee under the Lease in respect of the payment or the obligation giving rise to such payment, performance or observance by the Owner Trustee or the Owner Participant,

as the case may be and any right to any interest in respect thereof, and shall be entitled to any payment or other performance in respect thereof upon receipt by the Indenture Trustee; provided that the Owner Trustee shall not otherwise attempt to recover any such amount paid by it on behalf of the Lessee pursuant to this Section 1203 except by demanding of the Lessee payment of such amount or by commencing an action at law and obtaining and enforcing a judgment against the Lessee for the payment of such amount; provided further that at no time while an Indenture Event of Default shall have occurred and be continuing shall any such demand be made or shall any such action be commenced (or continued), and any amounts nevertheless received by the Owner Trustee in respect thereof shall be held in trust for the benefit of, and promptly paid to, the Indenture Trustee for distribution as provided in Section 1003 hereof; and provided further that the Owner Participant and the Owner Trustee may not exercise their rights under this Section 1203 with respect to defaults in the payment of Basic Rent due under the Lease with respect to more than a total of six (6) Payment Dates during the Lease Term, or with respect to more than three (3) consecutive Payment Dates.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed by their respective officers thereunto duly authorized, and their respective corporate seals to be hereunto affixed, all as of the day and year first above written.

WILMINGTON TRUST COMPANY,
not in its individual
capacity but solely as
Owner Trustee

By C. Samuel
Title:

THE CONNECTICUT NATIONAL BANK,
as Indenture Trustee

By _____
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed by their respective officers thereunto duly authorized, and their respective corporate seals to be hereunto affixed, all as of the day and year first above written.

WILMINGTON TRUST COMPANY,
not in its individual
capacity but solely as
Owner Trustee

By _____
Title:

THE CONNECTICUT NATIONAL BANK,
as Indenture Trustee

By  _____
Title: Vice President

To the extent that this Indenture imposes any obligations on the Lessee, the Lessee agrees to perform such obligations and to make all payments due under the Lease which are assigned to the Indenture Trustee pursuant hereto directly to the Indenture Trustee.

CSX TRANSPORTATION, INC.

By A. B. Altman
Title: Treasurer

STATE OF Delaware)
COUNTY OF New Castle) ss.:

On this 29th day of Nov, 1989, before me personally appeared Carolyn C. Daniels, to be personally known, who, being by me duly sworn, says that he is Financial Services Officer of Wilmington Trust Company, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Patricia J. Wallace
Notary Public

My Commission Expires: 4/20/91

[Notary Seal]

STATE OF CONNECTICUT)

: ss.:

COUNTY OF HARTFORD)

On this 19th day of Nov., 1989, before me personally appeared P.G. Kane, Jr., to be personally known, who, being by me duly sworn, says that he is Vice President of The Connecticut National Bank, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My Commission Expires:

[Notary Seal]

DEBRA A. JOHNSON
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 19 90

STATE OF MARYLAND)

: ss.:

CITY OF BALTIMORE)

On this 29th day of November, 1989, before me personally appeared A.B. Aftoora, to me personally known, who, being by me duly sworn, says that he is Treasurer of CSX Transportation, Inc., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Beulah M. McCarley
Notary Public

My Commission Expires: July 1, 1990

[Notary Seal]

DEFINITIONS

"Act" shall have the meaning assigned in Section 102 of the Indenture.

"Affiliate" of any specified Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"After-Tax Basis", for purposes of all of the Operative Documents other than the Tax Indemnification Agreement, shall have the meaning assigned in Section 13.3 of the Participation Agreement and, for purposes of the Tax Indemnification Agreement, shall have the meaning assigned in Section 11 thereof.

"Amortization Deductions" shall have the meaning assigned in the Tax Indemnification Agreement.

"Applicable Law" shall mean all applicable laws (foreign or domestic), treaties, judgments, decrees, injunctions, writs and orders of any court, governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including without limitation, all rules and regulations of the United States Department of Transportation and the ICC.

"Appraisal" shall have the meaning specified in Section 5(c) of the Participation Agreement.

"Appraisal Procedure" shall mean the procedure specified in the succeeding sentences for determining an amount or value. If either the Owner Trustee (or the Owner Participant) or the Lessee shall give written notice to the other requesting determination of such amount or value by appraisal, the Owner Participant and the Lessee shall consult for the purpose of appointing a mutually acceptable

qualified Independent Appraiser. If such parties shall be unable to agree on an appraiser within 20 days of the first giving of such notice (the "Appraisal Request Date"), such amount or value shall be determined by a panel of three Independent Appraisers, one of whom shall be selected by the Lessee, another of whom shall be selected by the Owner Participant and the third of whom shall be selected by such other two Appraisers or, if such Appraisers shall be unable to agree upon a third Appraiser within 10 days of the selection date of the second of such two Appraisers, by the American Arbitration Association; provided, that if either party shall not select its Appraiser within 35 days after the Appraisal Request Date, such amount or value shall be determined solely by the Appraiser selected by the other party. The Appraiser or Appraisers appointed pursuant to the foregoing procedure shall be instructed to determine such amount or value within 45 days after the final appointment of any Appraiser pursuant hereto (but in no event may such determination be made more than 110 days following the Appraisal Request Date), and such determination shall be final and binding upon the parties. If three Appraisers shall be appointed, (a) if the median of the determinations of the Appraisers shall equal the mean of such determinations, such mean shall constitute the determination of the Appraisers, otherwise (b) the determination of the Appraiser that shall differ most from the other two Appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall constitute the determination of the Appraisers. Fees and expenses relating to an Appraisal Procedure shall be payable as follows:

(i) if the Appraisal Procedure is utilized in connection with the exercise of remedies upon the occurrence of an Event of Default under the Lease or in connection with the possible exercise of a renewal option pursuant to Section 2(b) of the Lease, all such fees and expenses shall be borne by the Lessee;

(ii) if the Appraisal Procedure is utilized in connection with the possible exercise of a purchase option pursuant to Section 2(f) of the Lease, then each party shall bear its respective fees and expenses, provided (A) if an appraisal under the Appraisal Procedure shall be conducted by one Appraiser only, the Lessee shall bear the fees and expenses of such Appraiser, or (B) if an appraisal under the Appraisal Procedure shall be conducted by more than one Appraiser, the Lessee shall bear the fees and expenses of the Appraiser appointed by the Lessee and of the Appraiser appointed

jointly by the Appraiser of the Lessee and the Appraiser of the Owner Participant; and provided, further, that if after the utilization of such Appraisal Procedure the Lessee does not exercise such purchase option, then the Lessee shall reimburse the Owner Participant for all fees and expenses paid by the Owner Participant in respect of such Appraisal Procedure; and

(iii) in all other instances, each party shall bear (A) its respective fees and expenses with respect to any Appraisal Procedure and (B) one-half of the fees and expenses of the Appraisers participating in any Appraisal Procedure.

"Appraiser" shall mean B. Royce Green Associates, in the case of the Appraisal delivered pursuant to Section 5(c) of the Participation Agreement and otherwise a Person engaged in the business of appraising property who may be employed by or affiliated with the Owner Trustee, the Owner Participant or the Lessee.

"Assumed Rate" shall have the meaning assigned in the Tax Indemnification Agreement.

"Assumption Event" shall mean the exercise by the Lessee of the purchase option referred to in clause (y) of Section 2(e) of the Lease pursuant to which the Lessee shall assume and become obligated on a recourse basis under all or a portion of the Certificates Outstanding.

"Authorized Person" shall mean (i) with respect to the Owner Trustee, any Person authorized by or pursuant to the organizational documents, the by-laws or any Board Resolution of WTC (whether general or specific) to execute, deliver and take all other actions on behalf of the Owner Trustee in respect of any of the Operative Documents and (ii) with respect to any other entity, any Person authorized by or pursuant to the charter documents, the by-laws or any Board Resolution (in the case of a corporation), partnership agreement (in the case of a partnership), or trust agreement (in the case of a trust) to execute, deliver and take all other actions on behalf of such entity in respect of any of the Operative Documents.

"Basic Rent" shall mean the rent payable throughout the Lease Term pursuant to, and computed in accordance with, Section 9(b) of the Lease.

"Basic Term" with respect to any Locomotive shall mean the period for which such Locomotive is leased as provided in Section 2(a) of the Lease, beginning on the Basic Term Commencement Date and ending at 11:59 P.M. (New York City time) on the 23rd anniversary of the Basic Term Commencement Date.

"Basic Term Commencement Date" shall mean July 1, 1990.

"Bill of Sale" shall mean the bill of sale of the Seller, dated the Closing Date, for the Locomotives executed by the Seller in favor of the Lessor.

"Board of Directors" shall mean, with respect to any Person, either the board of directors of such Person or any duly authorized committee of said board.

"Board Resolution" shall mean, with respect to any Person, a copy of a resolution certified by the secretary or an assistant secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification.

"Business Day" shall mean any day other than a Saturday or Sunday or other day on which the banks in New York, New York, Wilmington, Delaware or Hartford, Connecticut, are authorized or obligated to remain closed.

"Business Tax" shall have the meaning assigned in Section 13.2(b) of the Participation Agreement.

"Certificates" shall mean the "1989 Equipment Trust Certificates, Series B" (as referred to in Section 202 of the Indenture) issued on or prior to the Closing Date and includes any other such Certificates thereafter authenticated and delivered in exchange or substitution therefor as provided for in Sections 203 through 205 of the Indenture.

"Certificate Register" shall have the meaning assigned in Section 204 of the Indenture.

"Class I Railroad" shall have the meaning set forth in 49 C.F.R. Part 1201.

"Closing" shall mean the simultaneous occurrence of the transactions described in Section 4 of the Participation Agreement.

"Closing Date" shall mean the date, which shall be a Business Day, on which the Closing occurs, provided that in no event shall the Closing occur later than December 31, 1989.

"Closing Notice" shall have the meaning assigned in Section 4(a) of the Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended (or any successor federal income tax statute).

"Commitment" shall mean in the case of the Holders, the amount to be released by the Indenture Trustee pursuant to Section 2(b) of the Participation Agreement and, in the case of the Owner Participant, the amount of the investment to be made by the Owner Participant on the Closing Date pursuant to Section 3 of the Participation Agreement.

"Current Cost" shall have the meaning assigned in the Tax Indemnification Agreement.

"Deemed Last Utilized Credits" shall have the meaning assigned in Section 13.2(h) of the Participation Agreement.

"Default" shall mean an event or condition which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

"Deferred Amount" shall have the meaning assigned in Section 10(h) of the Participation Agreement.

"Depreciation Deductions" shall have the meaning assigned in the Tax Indemnification Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any comparable successor law and the rules issued and regulations promulgated thereunder.

"ERISA Plan" shall have the meaning assigned to such term in Section 112 of the Indenture.

"Event of Default" shall mean any of the events referred to in Section 14 of the Lease.

"Event of Loss" shall mean with respect to any Locomotive any of the following events occurring during the Lease Term: (i) such Locomotive suffers an actual or constructive total loss, (ii) such Locomotive becomes worn out or suffers destruction or damage beyond economic repair or such Locomotive is rendered permanently unfit for commercial use by the Lessee and for the purpose for which it was designed, as determined in good faith by the Lessee and evidenced by a certificate of the Treasurer or Assistant Treasurer of the Lessee to such effect, (iii) such Locomotive is taken, condemned or requisitioned for title by any governmental authority, (iv) such Locomotive is taken, condemned or requisitioned for use by any governmental authority for a period extending beyond the Basic Term and any Renewal Term then in effect or (v) such Locomotive is lost, stolen or otherwise disappears. The date of such Event of Loss shall be the date of such loss, damage, condemnation, taking, requisition or disappearance, except that for purposes of clause (iv) above, no Event of Loss shall be deemed to have occurred until the earlier of (1) the last day of the Basic Term or any Renewal Term then in effect and (2) the Lessee's declaration of the occurrence of an Event of Loss at any time following twelve months after such taking or requisition.

"Event of Loss Notice" shall have the meaning assigned in Section 11(b) of the Lease.

"Excepted Property" shall have the meaning assigned in the Granting Clause of the Indenture.

"Excepted Rights" shall have the meaning assigned in Section 1201 of the Indenture.

"Fair Market Renewal" shall have the meaning assigned in Section 2(b)(iv) of the Lease.

"Fair Market Renewal Term" shall have the meaning assigned in Section 2(b)(iv)(A) of the Lease.

"Fair Market Rent" for any Locomotive shall mean, for any period, the rent for such Locomotive (excluding any Severable Improvements title to which has vested in the Lessee but assuming that such Locomotive complies with Section 5 of the Lease) for such period that would be obtained for a lease of such Locomotive in an arm's-length transaction between an informed and willing owner under no compulsion to lease and an informed and willing lessee, which determination shall be made (i) without deduction for

any costs of removal of such Locomotive from the location of current use and (ii) on the assumption that such Locomotive is free and clear of all liens and is in the condition and repair in which it is required to be returned pursuant to Sections 2 and 5 of the Lease (but otherwise on an "as-is" basis); provided, however, that the determination of Fair Market Rent for the purposes of Section 15(c) of the Lease shall be based on the actual condition of such Locomotive at the time of such determination and shall take into account all liens on such Locomotive and any legal impediments to the prompt leasing of such Locomotive, notwithstanding the provisions of clause (ii) of this sentence.

"Fair Market Sale Value" for any Locomotive shall mean the sale value of such Locomotive (excluding any Severable Improvements title to which has vested in the Lessee) that would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer-user, which determination shall be made (i) without deduction for any costs of removal of such Locomotive from the location of current use and (ii) on the assumption that such Locomotive is free and clear of all liens and is in the condition and repair in which it is required to be returned pursuant to Sections 2 and 5 of the Lease (but otherwise on an "as-is" basis); provided, however, that the determination of Fair Market Resale Value for purposes of Section 15(c) of the Lease shall be based on the actual condition of such Locomotive at the time of such determination and shall take into account all liens on such Locomotive (other than Owner Encumbrances), and any legal impediments to the prompt transfer of title to such Locomotive, notwithstanding the provisions of clause (ii) of this sentence.

"Federal Bankruptcy Code" shall mean the Bankruptcy Code of 1978, as amended, 11 U.S.C. §§ 101-1330.

"Final Determination" shall have the meaning assigned in the Tax Indemnification Agreement.

"Fixed Rate Renewal" shall have the meaning assigned in Section 2(b)(iii) of the Lease.

"Fixed Rate Renewal Term" shall have the meaning assigned in Section 2(b)(iii)(A) of the Lease.

"Future Benefits" shall have the meaning assigned in the Tax Indemnification Agreement.

"Government Obligations" shall mean direct obligations of the United States of America which are not callable, redeemable or payable, prior to maturity, in whole or in part, directly or indirectly, by any Person.

"Holder" shall mean the Person in whose name any Certificate is registered on the Certificate Register.

"Home Jurisdiction" shall have the meaning assigned in Section 13.3 of the Participation Agreement.

"ICC" shall mean the Interstate Commerce Commission and any agency or instrumentality of the United States government succeeding to its functions.

"Improvement" shall mean an improvement, structural change, modification or addition to any Locomotive made after the Closing Date.

"Inclusion" shall have the meaning assigned in the Tax Indemnification Agreement.

"Indemnatee" shall have the meaning assigned in Section 13.1 of the Participation Agreement.

"Indemnity Loan" shall have the meaning assigned in the Tax Indemnification Agreement.

"Indemnity Loan Interest Rate" shall have the meaning assigned in the Tax Indemnification Agreement.

"Indemnity Loan Principal" shall have the meaning assigned in the Tax Indemnification Agreement.

"Indemnity Loan Repayment Amounts" shall have the meaning assigned in the Tax Indemnification Agreement.

"Indemnity Loan Repayment Date" shall have the meaning assigned in the Tax Indemnification Agreement.

"Indenture" shall mean the Indenture, Mortgage and Security Agreement dated as of November 1, 1989 between the Owner Trustee and the Indenture Trustee and substantially in the form of Exhibit B to the Participation Agreement, as the same may be amended, modified or supplemented in accordance with the provisions thereof and of the Participation Agreement.

"Indenture Default" shall mean an event or condition which, with the giving of notice or lapse of time, or both, would become an Indenture Event of Default.

"Indenture Estate" shall have the meaning assigned in the Granting Clause of the Indenture.

"Indenture Estate Documents" shall have the meaning set forth in Clause Second of the Granting Clause of the Indenture.

"Indenture Event of Default" shall mean any of the events specified in Section 601 of the Indenture.

"Indenture Trustee" shall mean The Connecticut National Bank, a national banking association, together with any successors, permitted assigns and separate trustees and co-trustees, not in its individual capacity but solely as Indenture Trustee under the Indenture.

"Independent" shall mean, when used with respect to any specified Person, such a Person who (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in WTC, the Owner Trustee, the Owner Participant or the Lessee or in any Affiliate of any of them and (3) is not connected with WTC, the Owner Participant or the Lessee or any such Affiliate as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions. Whenever it is provided that any Independent Person's opinion or certificate shall be furnished to the Indenture Trustee, such Person shall be appointed by the Lessee and approved by the Indenture Trustee in the exercise of reasonable care and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning thereof.

"Independent Investment Banker" shall mean an independent investment banking institution of national standing appointed by the Lessee on behalf of the Owner Trustee; provided, that if the Indenture Trustee shall not have received written notice of such appointment at least ten days prior to the relevant Redemption Date or if an Event of Default shall have occurred and be continuing, "Independent Investment Banker" shall mean such an institution appointed by the Indenture Trustee.

"Interest Deductions" shall have the meaning assigned in the Tax Indemnification Agreement.

"Interim Rent" shall mean the rent payable in respect of the Interim Term pursuant to, and computed in accordance with, Section 9(a) of the Lease.

"Interim Term" shall mean for any Locomotive the period from the Closing Date to and including the day immediately preceding the Basic Term Commencement Date.

"Lease" shall mean Lease Agreement dated as of November 1, 1989 and substantially in the form of Exhibit C to the Participation Agreement between the Lessee and the Owner Trustee, as lessor, as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of the Indenture.

"Lease Act or Omission" shall have the meaning assigned in the Tax Indemnification Agreement.

"Lease and Indenture Supplement" shall mean the Lease and Indenture Supplement among the Owner Trustee, the Lessee and the Indenture Trustee, dated the Closing Date, substantially in the form of Exhibit A to the Lease.

"Lease Term" shall mean the Interim Term plus the Basic Term, plus all Renewal Terms actually entered into.

"Lessee" shall mean CSX Transportation, Inc., a Virginia corporation, together with its successors and permitted assigns.

"Lessee Related Party" shall have the meaning assigned in the Tax Indemnification Agreement.

"Lessor's Cost" for a Locomotive shall be \$1,375,000.

"Liabilities" shall have the meaning assigned in Section 13.1 of the Participation Agreement.

"Lien" shall mean any mortgage, pledge, lien, security interest, charge, claim or other encumbrance or right of others.

"Locomotive" shall mean a GE DASH 8 40B 4,000 horsepower diesel electric locomotive, a GE DASH 8 40C 4,000 horsepower diesel electric locomotive or a GM SD 60 diesel electric locomotive listed on Schedule F to the Participation Agreement and, after an Event of Loss with respect to a Locomotive, a Replacement Locomotive (if any), in each case

subjected to the Lease pursuant to Section 2(a) or 11(c) thereof, and including any item of property constituting a part of such Locomotive or Replacement Locomotive.

"Locomotive Return Notice" shall have the meaning assigned in Section 2(c) of the Lease.

"Loss of Amortization Deductions" shall have the meaning assigned in the Tax Indemnification Agreement.

"Loss of Depreciation Deductions" shall have the meaning assigned in the Tax Indemnification Agreement.

"Loss of Interest Deductions" shall have the meaning assigned in the Tax Indemnification Agreement.

"Loss of Tax Benefits" shall have the meaning assigned in the Tax Indemnification Agreement.

"MACRS Property" shall have the meaning assigned in the Tax Indemnification Agreement.

"Maturity" shall mean, with respect to any Certificate, the date on which the principal amount of such Certificate is due and payable.

"Maximum Fixed Rate Renewal Date" and "Maximum Fixed Rate Renewal Term" shall have the respective meanings assigned in Section 2(b)(iii)(A) of the Lease.

"Net Return" shall mean the Owner Participant's nominal after-tax book yield, total after-tax cash flows, internal rate-of-return as calculated by it and after-tax cash flows as a percentage of equity, all calculated using the same assumptions and methods utilized by the Owner Participant in computing the schedules of Basic Rent, Stipulated Loss Values and Termination Values delivered on the Initial Closing Date (or if such schedules are adjusted pursuant to Section 9(e) or (f) of the Lease, in computing such adjusted schedules) and, when used in connection with an adjustment pursuant to Section 9(f)(iv) of the Lease relating to a refinancing, shall also be calculated so as to preserve the Owner Participant's aggregate book earnings attributable to the transactions contemplated by the Participation Agreement (determined as above provided) over the five year period preceding such adjustment.

"Nonseverable Improvement" shall mean, at any time, an Improvement that shall not be "readily removable

from a Locomotive without causing material damage to such Unit" within the meaning of Revenue Procedure 79-48 promulgated by the Internal Revenue Service or other similar law, regulation or procedure then in effect or any Improvement required by law.

"Non-U.S. Person" shall mean any Person other than (i) a citizen or resident of the United States, as defined in section 7701(a)(9) of the Code (for purposes of this definition, the "United States"), (ii) a corporation, partnership or other entity created or organized under the laws of the United States or any political subdivision thereof or therein or (iii) any estate or trust that is subject to United States federal income taxation regardless of the source of its income.

"Notice" shall have the meaning assigned in Section 19 of the Participation Agreement.

"Obligations" shall have the meaning assigned in the Recital clause of the Indenture.

"Offered Interest" shall have the meaning assigned in Section 25 of the Participation Agreement.

"Offered Interest Seller" shall have the meaning assigned in Section 25 of the Participation Agreement.

"Officer's Certificate" shall mean with respect to any Person, a certificate signed by the Chairman of the Board, the President or a Vice President of such Person or any Authorized Person of such Person.

"Operative Documents" shall mean the Participation Agreement, the Trust Agreement, the Indenture, the Certificates, the Lease, the Lease and Indenture Supplement, the Bill of Sale and the Tax Indemnification Agreement.

"Opinion of Counsel" shall mean a written opinion of counsel, who shall be acceptable to the Indenture Trustee (or such other Person to whom such opinion is to be addressed pursuant to any of the Operative Documents).

"Outstanding" when used with respect to the Certificates shall mean, as of the date of determination, all the Certificates theretofore authenticated and delivered under the Indenture, except:

(1) Certificates theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation;

(2) Certificates for whose payment or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee, provided, that, if such Certificates are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Indenture Trustee has been made;

(3) Certificates in exchange for or in lieu of which other Certificates have been authenticated and delivered under the Indenture; and

(4) Certificates alleged to have been destroyed, lost or stolen which have been paid as provided in Section 205 of the Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Certificates Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Certificates owned by the Owner Participant, the Owner Trustee or the Lessee, or any Affiliate of any of them, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Certificates that the Indenture Trustee knows to be so owned shall be so disregarded. Certificates so owned that have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Indenture Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not the Owner Participant, the Owner Trustee or the Lessee, or any Affiliate of any of them.

"Overdue Rate" shall mean (i), with respect to any amount that is or will be distributable to the Holders pursuant to the terms of the Indenture, the applicable rate per annum set forth on the face of the Certificates of each Maturity held by such Holder plus 1%, and (ii) with respect to any other amount, the Prime Rate plus 2%, in each case, computed on the basis of a 360-day of twelve 30-day months.

"Owner Encumbrances" shall mean any liens, security interests or encumbrances against any part of the

Indenture Estate or the Trust Estate that result from acts of, or any failure to act by, or as a result of claims (including any taxes) against, WTC, the Owner Trustee or the Owner Participant arising out of any event or condition unrelated to (x) the ownership of a Locomotive, (y) the administration of the Trust Estate or (z) the transactions contemplated by the Operative Documents, excluding Liens, security interests and encumbrances arising from any tax for which the Lessee is obligated to indemnify under the Tax Indemnification Agreement or the Participation Agreement, other than any such tax for which the Lessee has already made full indemnification pursuant to such agreements.

"Owner Participant" shall mean Ford Motor Credit Company, a Delaware corporation, together with its successors and permitted assigns.

"Owner Trustee" shall mean WTC, in its capacity as trustee under the Trust Agreement, together with its successors and permitted assigns as Owner Trustee under the Trust Agreement.

"Owner Trustee Request" shall mean a written request signed in the name of the Owner Trustee by an Authorized Person, consented to by the Lessee, and delivered to the Indenture Trustee together with a form of any writing to be executed by the Indenture Trustee pursuant to such request.

"Participation Agreement" shall mean the Participation Agreement dated as of November 1, 1989 among the Lessee, the Owner Participant, the Owner Trustee and the Indenture Trustee, as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of the Indenture.

"Payment Date" shall mean each January 1 and July 1 of each year occurring during the Basic Term and any Renewal Term, provided that if any such date shall not be a Business Day, then "Payment Date" shall mean the next succeeding Business Day.

"Percentage Commitment" of the Owner Trustee and the Holders in respect of the Locomotives shall mean the percentage set forth opposite "Owner Participant" and "Holders", respectively, in Column I of Schedule 1 to the Participation Agreement.

"Permitted Encumbrances" shall mean (a) the rights of the Indenture Trustee under the Indenture, (b) the rights of the Lessee under the Lease, and the rights of any sublessee under any subleases of any Locomotive that are permitted by the terms of the Lease, (c) the rights of the Owner Trustee and the Owner Participant under the Trust Agreement, which rights are subject to the liens and security interests created by the Indenture, (d) liens for taxes either not yet due or being contested by the Lessee in good faith by appropriate proceedings, diligently prosecuted or appealed which do not involve a significant risk of a sale, forfeiture or loss of a Locomotive and (e) undetermined or inchoate materialmen's, mechanic's, workmen's, repairmen's or employees' Liens or other like Liens arising in the ordinary course of business and security obligations which are not delinquent or which shall have been bonded or the enforcement of which shall have been suspended or which do not involve a significant risk of sale, forfeiture or loss of a Locomotive or which are being contested by the Lessee in good faith by appropriate proceedings diligently prosecuted or appealed.

"Permitted Investments" shall mean (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$500,000,000 (including the Indenture Trustee and the Owner Trustee if such conditions are met), (iv) commercial paper of companies, banks, trust companies, or national banking associations incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization, and (v) repurchase agreements with any financial institution having a combined capital and surplus of at least \$750,000,000 fully collateralized by obligations of the type described in clauses (i) through (iv) above, provided, however, that no investment shall be eligible as, or included within, the definition of the term,

"Permitted Investments" unless the final maturity date of any such obligation or the date on which any such time deposit may be withdrawn shall not be later than 90 days after the date of purchase of such obligation or the making of such time deposit. If all of the above investments are unavailable, the entire amount to be invested may be used to purchase Federal Funds from an entity described in (iii) of the preceding sentence.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Premium" shall mean as to the principal amount or portion thereof of any Certificate to be redeemed on a particular Redemption Date, the amount, if any, by which the sum of such principal amount or portion thereof together with accrued but unpaid interest thereon to such Redemption Date is exceeded by the present value (computed in accordance with generally accepted financial practices on a semiannual basis at a discount rate equal to the applicable Treasury Yield) as at such Redemption Date of (x) the payments of interest on such principal amount or portion thereof as required by the terms of such Certificate and of the Indenture and (y) such principal amount or portion thereof at the Maturity of such Certificate, as determined by an Independent Investment Banker based on the average of yields to stated maturity determined from the bid price as of 10:00 A.M. and 2:00 P.M. (New York City time) on the second Business Day preceding such Redemption Date.

"Projected Fair Market Sale Value - EBO" shall have the meaning assigned in Section 5(c) of the Participation Agreement.

"Prime Rate" shall mean the rate of interest publicly announced from time to time by Citibank, N.A. in New York as its "base rate".

"Reasonable Basis" for a position shall exist if tax counsel may properly advise reporting such position on a tax return in accordance with Formal Opinion 85-352 issued by the Standing Committee on Ethics and Professional Responsibility of the American Bar Association.

"Recapture" shall have the meaning assigned in the Tax Indemnification Agreement.

"Record Date" means, as used with respect to any Payment Date (except a date for payment for defaulted interest), June 15 for July 1 Payment Dates and December 15 for January 1 Payment Dates, whether or not such date is a Business Day.

"Redelivery Location" shall have the meaning assigned in Section 2(c) of the Lease.

"Redemption Date" when used with respect to any Certificate to be redeemed shall mean the date fixed for such redemption pursuant to the Indenture.

"Refinancing Date" shall have the meaning assigned in Section 20 of the Participation Agreement.

"Refinancing Loss" shall have the meaning assigned in the Tax Indemnification Agreement.

"Reimbursement Amount" shall have the meaning assigned in Section 9(h) of the Lease.

"Renewal Term" shall mean the period of any extension of the Basic Term (or a prior Renewal Period) as provided in Section 2(b) of the Lease.

"Renewal Term Commencement Date" shall have the meaning assigned in Section 2(b) of the Lease.

"Rent" shall mean the Interim Rent, Basic Rent, Fixed Rate Renewal Rent, Fair Market Renewal Rent and Supplemental Rent, collectively.

"Replacement Locomotive" shall mean a locomotive substantially similar in material and dimension to the Locomotive with respect to which an Event of Loss has occurred and which is being replaced pursuant to Section 11(c) of the Lease.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Document, the President, or any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer who in the normal performance of his operational responsibility would have knowledge of such matter and the requirements with respect thereto.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Seller" shall mean The Baltimore & Ohio Chicago Terminal Railroad Company, together with its successors and permitted assigns.

"Severable Improvement" shall mean any Improvement other than a Nonseverable Improvement.

"Stipulated Loss Value" with respect to any Locomotive subjected to the terms of the Lease pursuant to the Lease and Indenture Supplement as of any Payment Date shall mean an amount determined by multiplying Lessor's Cost for such Locomotive by the percentage specified in Schedule 3 to the Lease and Indenture Supplement opposite such Payment Date; provided, however, that, notwithstanding any provision of the Lease (including but not limited to the adjustments to be made pursuant to Section 9 of the Lease), "Stipulated Loss Value" as of any Payment Date, plus the Basic Rent in respect of such Locomotive payable on such Payment Date (if and to the extent Basic Rent is then being paid in arrears) shall in no event be less than a sum sufficient to pay a pro rata portion of the aggregate unpaid principal amount of the Certificates Outstanding on such Payment Date together with interest thereon accrued to such Payment Date as determined pursuant to the Indenture.

"Supplemental Rent" shall mean any and all amounts (other than Interim Rent and Basic Rent), that the Lessee assumes the obligation to pay or agrees to pay under the Lease, the Tax Indemnification Agreement or the Participation Agreement to the Owner Trustee, the Owner Participant or others, including amounts payable as indemnity payments, payments of Stipulated Loss Value and Termination Value under the Lease, Premium on the Certificates and all amounts payable by the Lessee pursuant to Section 9 of the Lease.

"Tax" shall have the meaning assigned in Section 13.2(a) of the Participation Agreement.

"Tax Assumptions" shall have the meaning assigned in the Tax Indemnification Agreement.

"Tax Forms" shall have the meaning assigned in Section 13.2(b)(10) of the Participation Agreement.

"Tax Indemnification Agreement" shall mean the Tax Indemnification Agreement dated as of November 1, 1989

between the Lessee and the Owner Participant and substantially in the form of Exhibit E to the Participation Agreement, as the same may be amended, modified or supplemented pursuant to the provisions thereof.

"Tax Indemnatee" shall have the meaning assigned in Section 13.2(a) of the Participation Agreement.

"Tax Representations" shall have the meaning assigned in the Tax Indemnification Agreement.

"Termination Date" shall have the meaning assigned in Section 12(a) of the Lease.

"Termination Value" with respect to any Locomotive subjected to the terms of the Lease pursuant to the Lease and Indenture Supplement as of any Payment Date shall mean an amount determined by multiplying Lessor's Cost for such Locomotive by the percentage specified in Schedule 4 to such Lease and Indenture Supplement opposite such Payment Date; provided, however, that, notwithstanding any provision of the Lease (including but not limited to the adjustments to be made pursuant to Section 9 of the Lease), "Termination Value" as of any Payment Date, plus the Basic Rent in respect of such Locomotive payable on such Payment Date (if and to the extent Basic Rent is then being paid in arrears) and plus the premium, if any, payable on such Payment Date shall in no event be less than a sum sufficient to pay a pro rata portion of the aggregate unpaid principal amount of the Certificates Outstanding on such Payment Date together with interest thereon accrued to such Payment Date and the Premium, if any, as determined pursuant to the Indenture.

"TIA" shall mean the Trust Indenture Act of 1939, as in effect from time to time.

"Transaction Costs" shall have the meaning assigned in Section 17 of the Participation Agreement.

"Transfer" shall have the meaning assigned in Section 22 of the Participation Agreement.

"Treasury Yield" means in the case of a Certificate having a Maturity (x) less than one year after the applicable Redemption Date, the average yield to stated maturity on a government bond equivalent basis of the applicable United States Treasury Bill due during the week in which falls the Maturity of such Certificate and (y) one year or more after such Redemption Date, the average yield

to stated maturity of the most comparable United States Treasury Notes or Bonds as identified by the Independent Investment Banker, corresponding in maturity to such Certificates or if there is no such corresponding maturity, an interpolation of maturities, in each case as determined by the Independent Investment Banker, based upon the average of the yields to stated maturity determined from the bid prices as of 10:00 a.m. and 2:00 p.m. (New York City time) on the second business day preceding the applicable Redemption Date.

"Trust Agreement" shall mean the Trust Agreement dated as of November 1, 1989 between WTC and the Owner Participant and substantially in the form of Exhibit A to the Participation Agreement as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof, of the Indenture and of the Participation Agreement.

"Trust Estate" shall have the meaning assigned to it in Section 1(d) of the Trust Agreement.

"Type" shall mean, with respect to Locomotives, either GE DASH 8 40B 4,000 horsepower diesel electric locomotives, GE DASH 8 40C 4,000 horsepower diesel electric locomotives or a GM SD 60 diesel electric locomotives.

"Verifying Accountant" shall mean an accountant selected by the Owner Participant and reasonably acceptable to the Lessee (it being understood that the representation of, or a conflict in representing the Owner Participant or the Lessee is relevant in determining the reasonableness of such acceptance). Such accountant (i) shall not be permitted to review the documents, programs and procedures used to calculate the Owner Participant's internal rate of return but shall have access to all other relevant documents, programs and procedures of the Owner Participant and (ii) shall execute a confidentiality agreement with respect to the subject matter of its review and (iii) shall return to the Owner Participant any materials of the Owner Participant used by such Verifying Accountant in the course of such verification.

"WTC" shall mean Wilmington Trust Company, a banking corporation organized under the laws of the State of Delaware, and shall also mean any Person acting as a successor Owner Trustee, in its individual capacity.

EXHIBIT A
to
Indenture, Mortgage and
Security Agreement

[Form of Face of Certificate]

\$ _____

No. _____

1989 EQUIPMENT TRUST CERTIFICATE, SERIES B

WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as
OWNER TRUSTEE UNDER TRUST AGREEMENT
DATED AS OF NOVEMBER 1, 1989

Interest Rate

Maturity Date

[CUSIP]

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Owner Trustee (herein in such capacity called the "Owner Trustee") under that certain Trust Agreement dated as of November 1, 1989 between Ford Motor Credit Company and Wilmington Trust Company (herein as such Trust Agreement may be amended or supplemented from time to time called the "Trust Agreement"), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars, on the Maturity Date specified above, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest on the principal outstanding from time to time, semiannually on each July 1 and January 1 and commencing July 1, 1990, in like coin or currency at the rate per annum set forth above from the date hereof or from the most recent date to which interest on the Certificates has been paid or duly provided for, until the principal hereof is paid or made available for payment. Interest at the rate set forth above plus 1% per annum shall be payable on any amount of overdue principal and (to the extent permitted by Applicable Law) overdue interest and overdue Premium, if any, to the date of payment thereof.

The interest so payable, and punctually paid or duly provided for, on any such Payment Date (defined terms used herein unless otherwise defined herein, having the respective meanings set forth in Schedule X to the Indenture) will, as provided in the Indenture, be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on the Record Date for payment of such interest, which shall be June 15 or December 15 (whether or not a Business Day), as the case may be, next preceding such Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder hereof on such Record Date (or to the Person in whose name this Certificate is registered upon issuance) and may be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on a special record date for the payment of such Defaulted Interest to be fixed by the Indenture Trustee, notice whereof shall be given to Holders of Certificates not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Certificates may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Principal, Premium, if any, and interest and other amounts due hereunder shall be payable at the principal corporate trust office of the Indenture Trustee or at such other office or agency maintained by the Indenture Trustee for such purpose; provided that, at the option of the Indenture Trustee, interest may be paid by mailing a check therefor payable to the registered Holder entitled thereto at such Holder's last address as it appears on the Certificate Register. If any amount payable under this Certificate, or under the Indenture, falls due on a day that is not a Business Day, then such sum shall be payable on the next succeeding Business Day, without additional interest thereon for the period of such extension.

No employee benefit plan subject to Part 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or individual retirement account or employee benefit plan subject to Section 4975 of the Internal Revenue Code of 1986, as amended (hereinafter collectively referred to as an "ERISA Plan"), may acquire or hold any of the Certificates. Certain employee benefit plans which are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans

(as defined in Section 3(33) of ERISA), however, are not subject to Part 4 of Subtitle B of Title I of ERISA and, therefore, may acquire or hold the Certificates. Any fiduciary of a governmental or church plan should consult with his legal counsel as to the propriety of an investment in any Certificate. The purchase by any Person of any Certificate shall be deemed to constitute a representation by such Person to CSX Transportation, Inc. as the Lessee, Ford Motor Credit Company as the Owner Participant, the Owner Trustee and the Indenture Trustee that such Person is not purchasing, and has not purchased, such Certificate with assets of an ERISA Plan.

Wilmington Trust Company and The Connecticut National Bank are not acting individually hereunder, but solely as Owner Trustee and Indenture Trustee, respectively.

Reference is made to the further provisions set forth on the reverse hereof. Such provisions shall for all purposes have the same effect as though fully set forth at this place.

This Certificate shall not be secured by or be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless this Certificate has been executed on behalf of the Owner Trustee by the manual or facsimile signature of one of the officers of the Owner Trustee and authenticated by the Indenture Trustee as evidenced by the manual signature of one of its authorized officers on the certificate below.

IN WITNESS WHEREOF, the Owner Trustee has caused this 1989 Equipment Trust Certificate, Series B to be duly executed in its corporate name by its officer thereunto duly authorized.

Dated:

WILMINGTON TRUST COMPANY,
not in its individual capacity
but solely as Owner Trustee

By _____
Authorized Signatory

[FORM OF INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the 1989 Equipment Trust Certificates, Series B referred to in the within-mentioned Indenture.

Dated:

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as Indenture Trustee

By _____
Authorized Signatory

[Form of Reverse of Certificate]

This Certificate is one of a duly authorized issue of Certificates issued and to be issued under the Indenture, Mortgage and Security Agreement dated as of November 1, 1989 (herein as amended, supplemented or modified from time to time called the "Indenture") between the Owner Trustee and The Connecticut National Bank, as Indenture Trustee (the "Indenture Trustee"), designated as 1989 Equipment Trust Certificates, Series B, limited in aggregate principal amount to \$[] consisting of the following aggregate principal amounts of Certificates with the interest rates per annum and maturities shown:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%

Reference is made to the Indenture and all supplements and amendments thereto (a copy of which is on file with the Indenture Trustee at its principal corporate trust office) for a more complete statement of the terms and provisions thereof, including a statement of the properties conveyed, pledged and assigned thereby, the nature and extent of the security, the respective rights of the Owner Trustee, the Indenture Trustee and the Holders, and the terms upon which the Certificates are, and are to be, executed and delivered, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions in the Indenture each Holder hereof agrees by its acceptance of this Certificate.

All payments of principal, Premium (if any) and interest and other amounts to be made to the Holder hereof by or at the behest of the Owner Trustee hereunder or under the Indenture shall be made only from the income and proceeds from the Indenture Estate and only to the extent that the

Owner Trustee shall have sufficient income or proceeds from the Indenture Estate to enable the Indenture Trustee to make such payments in accordance with the terms of the Indenture, and each Holder hereof, by its acceptance of this Certificate, agrees that it will look solely to the income and proceeds from the Indenture Estate to the extent available for distribution to the Holder hereof as provided above and that none of the Owner Participant, Wilmington Trust Company or the Indenture Trustee is personally liable to the Holder hereof for any amounts payable or any liability under this Certificate or under the Indenture, except as expressly provided in the Indenture (in the case of Wilmington Trust Company and the Indenture Trustee) or as expressly provided in the Participation Agreement (in the case of the Owner Participant).

The Certificates are not subject to mandatory redemption by operation of a sinking fund. As more fully provided in the Indenture, the Certificates are subject to redemption, in whole or in part, on not less than 15 days' or more than 30 days' notice, by first-class mail, under the circumstances set forth in the Indenture at a redemption price equal to the unpaid principal amount to be redeemed of such Certificate together with accrued interest thereon to the Redemption Date and Premium, if any.

If an Indenture Event of Default shall occur and be continuing, the principal of the Certificates may be declared due and payable in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be waived by the Holders of at least a majority in aggregate principal amount of Certificates Outstanding. Any such consent or waiver by the Holder of this Certificate shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Certificate and any Certificate that may be issued in exchange or substitution therefor, whether or not any notation thereof is made upon this Certificate or such other Certificates. Moreover, if, and only if, an Event of Default under the Lease shall occur, the Indenture Trustee may, subject to certain limitations set forth in the Indenture, declare the Lease to be in default, and may, to the exclusion of the Owner Trustee, exercise one or more of the remedies of the Owner Trustee provided in the Lease.

The Owner Trustee, at the direction of the Owner Participant, may cure a default by the Lessee under the Lease subject to certain limitations set forth in the Indenture.

At any time while the Certificates have become immediately due and payable as provided in the Indenture, the Owner Participant or the Owner Trustee may pay to the Indenture Trustee for distribution to the Holders an amount equal to the aggregate unpaid principal amount of all Certificates Outstanding plus all accrued but unpaid interest thereon to the date of payment and all other amounts due hereunder, but without Premium. Upon such payment, the Certificates shall cease to accrue interest thereafter.

The right of the Holder hereof to institute action for any remedy under the Indenture is subject to certain restrictions specified in the Indenture, except that the right of the Holder of this Certificate to receive payment of the principal of, Premium, if any, and interest on this Certificate on or after the respective due dates, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such Holder.

The Certificates are issuable only as registered Certificates without coupons in denominations of \$1,000 and integral multiples thereof. So long as any of the Certificates remain Outstanding, the Indenture Trustee will maintain an office or agency where the Certificates may be presented for payment and a facility or agency in New York, New York or Hartford, Connecticut where the Certificates may be presented for registration of transfer and for exchange as provided in the Indenture. As provided in the Indenture and subject to certain limitations therein, this Certificate is transferable, and upon surrender of this Certificate for registration of transfer at the principal corporate trust office of the Indenture Trustee, or at the office or agency maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Owner Trustee and the Indenture Trustee duly executed by, the Holder or his attorney duly authorized in writing, one or more new Certificates of the same Maturity and interest rate and of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein, the Certificates are exchangeable for an equal aggregate principal amount of Certificates of the same Maturity and interest rate and of authorized denominations, as requested by the Holder surrendering the same, upon presentation thereof for such purpose at the principal corporate trust office of the Indenture Trustee, or at an office or agency maintained for such purpose.

No service charge to the Holder shall be made for any such registration of transfer or exchange, but the Indenture Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to the due presentment for registration of transfer of this Certificate, the Owner Trustee, the Indenture Trustee, any agent of the Owner Trustee or the Indenture Trustee and the Lessee may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of the principal of, and Premium, if any, and interest on this Certificate and for all other purposes whether or not this Certificate is overdue, and neither the Owner Trustee, the Indenture Trustee (nor any agent of the Owner Trustee or the Indenture Trustee) nor the Lessee shall be affected by notice to the contrary.

AS PROVIDED IN THE INDENTURE, THE INDENTURE AND THE CERTIFICATES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.